Defendants' Exhibits

The following defendants' pre-trial exhibits were thereupon received in evidence:

Exhibit No.:	Description
1854	Photostatic copy of letter from Jackson County Medical Society to California-Oregon Power Company, undated.
1872	Letter dated December 9, 1936, N. H. A. to Dr. L. Dow Inskeep, Medford, Oregon, re: Southern Oregon Sales Corporation, and carbon copy of letter dated Dec. 12, 1936, addressed to National Hosp. Assn.
1873	Letter dated March 28, 1936, N. H. A. to Dr. A. O. Pitman, Hillsboro, Oregon, re: Stimpson Lumber Co.
1874 1447	Letter dated October 22, 1935, National Hospital Association to Dr. A. E. Dodson, Medford, Oregon, acknowledging letter of October 18th asking permission to remove tonsils.
1875	Carbon copy of letter dated May 28, 1937, Dr. J. V. Straumfjord, Astoria, Oregon, to National Hospital Association and letter dated July 18, 1937, National Hospital Association to Jon V. Straumfjord, re: Employee of City Lumber & Supply Co.
1876	Sheaf of correspondence, in re: Dr. Straumfjord, the first of which is a letter from National Hospital Association to Mrs. Hans Olsen, dated July 31, 1947.
1935	Sheaf of correspondence, in re: Dr. Jon V. Straumfjord, Astoria, Oregon, the first of which is a letter dated December 15, 1937, National Hospital Association to Dr. Straumfjord.
1936	Letter dated February 25, 1936, National Hospital Association to Dr. Straumfjord, re: Statement of Dayton Drug Co.
1937	Letter dated April 24, 1937, National Hospital Association to Drs. Straumfjord & Cone, Astoria, Oregon, in re: Employee of Gilpin Construction Co.

Exhibit No.:		Description
1448	2501	Letter dated January 17, 1930, National Hospital Association to Dr. L. D. Inskeep, Medford, Oregon, in re: California-Oregon Power Company.
	2502	Letter dated November 22, 1930, National Hospital Association to Dr. L. Dow Inskeep, Medford, Oregon, with copies of two letters attached, in re: Arthur Webster and Ted Revens.
	2503	Letter dated October 9, 1931, National Hospital Association to Dr. L. Dow Inskeep, Medford, Oregon, in reply to letter of October 7, 1931, in re: Allen P. Koepp.
	2504	Letter dated October 30, 1931, National Hospital Association to Dr. L. D. Inskeep, re: L. E. Nix, and copy of letter dated November 2, 1931, in reply.
	2505	Letter dated December 7, 1931, National Hospital Association to Dr. L. Dow Inskeep, in re: Dr. B. L. Lageson (Ben J. Trowbridge), and copy of letter dated December 9, 1931, in reply.
	2506	Sheaf of correspondence between Dr. L. Dow Inskeep and National Hospital Association, the first being a carbon copy of a letter dated February 16, 1932, addressed to National Hospital Association (in re: Philip Bray).
1449	2507	Letter dated May 18, 1932, National Hospital Association to Dr. L. Dow Inskeep, in re: C. J. Rasmussen.
	2508	Letter dated July 18, 1932, National Hospital Association to Dr. L. Dow Inskeep, in re: F. I. Witham, Carl J. Rasmussen and Wesley J. Smith.
	2509	Letter dated November 17, 1932, National Hospital Association to Dr. L. Dow Inskeep, in re: X-ray bill from Sacred Heart Hospital, and letter of November 19, 1932, in reply.
	2510	Letter dated February 13, 1934, National Hospital Association to Dr. L. Dow Inskeep, in re: Jack Burns.

Exhibit No.:	Description
2511	Letter dated October 22, 1936, National Hospital Association to Dr. L. Dow Inskeep, re: J. D. Convirs.
2512	Sheaf of correspondence between National Hospital Association and Dr. L. Dow Inskeep, the first of which is a letter dated October 16, 1931, National Hospital Association to Dr. L. D. Inskeep (California-Oregon Power Co.)
2513	Sheaf of correspondence between National Hospital Association and Dr. L. Dow Inskeep, the first of which is a letter dated May 16, 1933, from National Hospital Association to Dr. Inskeep
1450	in re: L. E. Ross of Timber Products Company.
2514) to) 2566)	Group of statements of National Hospital Association, in account with Dr. L. D. Inskeep, Medford, Oregon, inclosing checks in payment of fees.
2567	Sheaf of correspondence between Industrial Hospital Association and Dr. A. Q. Pitman, Hillsboro, Oregon, the first of which is a letter dated February 3, 1939, Industrial Hospital Association to Dr. Pitman.
2568	Letter dated August 16, 1932, National Hospital Association to Dr. L. Dow Inskeep, Medford, Oregon, acknowledging receipt of letter of August 12, 1932 (State Industrial Accident Commission).
2569	Correspondence between National Hospital Association and Dr. L. Dow Inskeep, the first letter of which is dated September 22, 1934, National Hospital Association to Dr. Inskeep, in re: Harold McFarland.
2570	Letter dated July 27, 1934, National Hospital Association to Dr. L. D. Inskeep, Medford, Oregon, and copy of reply, (re: Thomas Robinson).
2571	Letter dated August 27, 1932, National Hospital Association to Dr. L. Dow Inskeep, in re: C. E. Snyder, and copy of reply.
1451	2572 Letter dated December 4, 1936, National Hospital Association to Dr. L. D. Inskeep, re: F. A. Lindstrom, and copy of reply.

Exhibit No.	Description
2573	Correspondence between National Hospital Association and Dr. L. Dow Inskeep, in re: Cecil Robbins, employe of Owen Oregon Lumber Company, the first of which is a letter dated March 5, 1929, National Hospital Association to Dr. Inskeep.
2574	Letter dated December 3, 1936, National Hospital Association to Dr. L. Dow Inskeep, in re: J. D. Convirs (Pinnacle Packing Company), and reply.
2575	Letter dated September 8, 1938, National Hospital Association to Dr. L. D. Inskeep, letter dated September 8, 1938, between National Hospital Association to Dr. L. D. Inskeep, and carbon copy of letter dated September 27, 1938, to National Hospital Association, in reply.
2576	Letter dated August 30, 1932, Industrial Hospital Association to Dr. E. H. McLean, Oregon City, Oregon, re: Medical Service for Paper Mills.
2577	Group of letters between Industrial Hospital Association and Dr. Edward H. McLean, the first of which is dated October 27, 1932, in re: Louis Wilhorn.
2578 1452	Letter dated April 15, 1933, Industrial Hospital Association to Dr. E. H. McLean, in re: Bud Simmons (Crown-Willamette Paper Company), and reply.
2579	Communication dated November 3, 1933, Industrial Hospital Association, entitled "Instructions to Physicians."
2580	Letter dated November 16, 1933, Industrial Hospital Association to Dr. E. H. McLean, and letter of November 20, 1933 (carbon copy), addressed to Dr. C. C. Moore, Industrial Hospital Association.
2581	Letter dated November 21, 1933, Industrial Hospital Association to Drs. McLean and Steele in re: Sheldon McKnight.
2582	Letter dated November 24, 1933, Industrial Hospital Association to Drs. McLean and Steele, in re: Complaints from paper mills.

Exhibit No.:	Description
2583	Letter dated January 9, 1934, Industrial Hospital Association to Dr. E. H. McLean, in re: Al Risher.
2584	Letter dated February 28, 1934, Industrial Hospital Association to Drs. McLean and Steele, in re: C. Nichols (Crown-Willamette Paper Company).
2585	Correspondence between Industrial Hospital Association and Drs. McLean and Steele, in re: Henry E. Jones (Dr. Fritz, Cathlamet).
1453 2586	Letter dated March 6, 1934, Industrial Hospital Association to Dr. Edward H. McLean, in re: William Foumal (Hawley Pulp & Paper Company).
2587	Letter dated May 16, 1934, Industrial Hospital Association to Dr. E. H. McLean, enclosing copy of letter from Dr. Ruth L. Eaton.
2588	Letter dated June 28, 1934, Industrial Hospital Association to Drs. McLean and Steele (letter sent to Oregon City doctors).
2589	Letter dated July 16, 1934, Industrial Hospital Association to Drs. McLean and Steele (Hawley Pulp & Paper Company).
2590	Letter dated July 18, 1934, Industrial Hospital Asscciation to Dr. E. H. McLean, enclosing copy of letter to Dr. Albert Mount.
2591	Letter dated January 19, 1935, Industrial Hospital Association to Drs. McLean and Steele in re: Frank Gerkman (Hawley Pulp & Paper Company), and reply.
2592	Letter dated January 21, 1935, Industrial Hospital Association to Drs. McLean and Steele in re: Frank Gerkman (Hawley Pulp & Paper Company).
2593	Letter dated January 24, 1935, Industrial Hospital Association to Drs. McLean and Steele, enclosing
1454	statement, with statement attached.
2594	Letter dated January 29, 1935, Industrial Hospital Association to Dr. E. H. McLean, in re: services

Exhibit No.:	Description
	performed for various patients, with copy of letter dated January 25, 1935, to Industrial Hospital Association attached.
2595	Letter dated November 27, 1935, Industrial Hospital Association to Drs. McLean and Steele, setting forth regulations, etc.
2596	Letter dated April 27, 1936, Industrial Hospital Association to Drs. McLean and Steele, in re: John Herbst (Crown-Willamette Paper Company).
2597	Letter dated May 18, 1936, Industrial Hospital Association to Drs. McLean and Steele, re: Alfred Meibs (Clackamas Fir Lumber Company), and copy of reply.
2598	Letter dated June 3, 1936, Industrial Hospital Association to Drs. McLean and Steele, in re: Ira Smith (Snider Bros.).
2599	Letter dated October 15, 1936, Industrial Hospital Association to Drs. McLean and Steele in re: Wayne Bancke (Crown-Willamette Paper Company).
2600 1455	Carbon copy of letter dated October 26, 1936, addressed to Industrial Hospital Association, in re: Employees Beneficiary Association at Hawley's.
2601	Letter dated October 29, 1936, Industrial Hospital Association to Dr. W. O. Steele, in re: Matt Nelson (Hawley Pulp & Paper Company).
2602	Letter dated October 29, 1936, National Hospital Association to Dr. Edward H. McLean, in re: Hawley Pulp & Paper Company, with copy of letter dated November 2, 1936, in reply.
2603	Letter dated April 7, 1937, Industrial Hospital Association to Drs. McLean and Steele, in re: Edward Fredericks (Crown-Willamette Paper Company), together with letter dated May 25, 1937, Industrial Hospital Association to Drs. McLean and Steele.

Exhibit No.:	Description
2604	Letter dated February 22, 1937, Industrial Hospital Association to Miss B. Sullivan, care Drs. McLean and Steele (in re: Herbert Ross).
2605	Letter dated September 17, 1937, Industrial Hospital Association to Drs. McLean and Steele, in re: F. Bloomer (Clackamas Fir Company).
2606 1456	Copy of letter dated December 8, 1930, on the letterhead of Edward H. McLean to National Hospital Association in re: Association of Doctors in Oregon City.
2607	Letter dated December 29, 1931, National Hospital Association to Dr. E. H. McLean, in re: Marie Hilsenkoff.
2608	Carbon copy of letter dated June 6, 1932, Dr. Frank R. Mount to Industrial Hospital Association, in re: Proposed Fee Schedule.
2609	Carbon copy of letter dated July 16, 1932, addressed to Directors of Community Chest Fund, Portland, Oregon
2610	Letter dated October 1, 1932, National Hospital Association to Dr. McLean, enclosing copy of letter from Pacific Indemnity Company.
2611	Carbon copy of letter dated September 28, 1933, on letterhead of Dr. Edward H. McLean to National Hospital Association, in re: William Striebig (Doernbecher Manufacturing Plant).
2612	Letter dated December 12, 1933, National Hospital Association to Drs. McLean and Steele, re: Lawrence A. Allen (A. W. Bell Lumber Company).
2613	Carbon copy of letter dated June 22, 1935, National Hospital Association to Mr. William G. Bolche, Oregon City, Oregon, in re: Dr. McLean.
2614 1457	Letter dated October 8, 1934, National Hospital Association to Drs. McLean and Steele, in re: Joseph Muylle (Pendleton Woolen Mills).
2615	Letter dated April 16, 1936, National Hospital Association to Dr. E. H. McLean in reply to letter of April 14th

Exhibit No.:	Description
2616	Letter dated May 4, 1936, National Hospital Associaion to Dr. E. H. McLean in re: Doernbecher Manufacturing Company (B. Arms).
2617	Letter dated October 2, 1936, National Hospital Association to Drs. McLean and Steele re: P. O. King (Schetky Lumber Company).
2618	Letter dated October 9, 1936, National Hospital Association to Drs. McLean and Steele re: William Wallace (Schetky Lumber Company).
2619	Letter dated November 30, 1936, National Hospital Association to Drs. McLean and Steele, re: Coon P. Boyer (A. W. Bell Lumber Company).
2620	Letter dated February 8, 1937, National Hospital Association to Drs. McLean and Steele, re: Coon Boyer (A. W. Bell Lumber Company).
2621	File of correspondence between National Hospital Association and Drs. McLean, and Steele, the first of which is a letter dated March 20, 1937, re: Rudolph Bigej (Doernbecher Manufacturing Company).
1458 2622	File of correspondence, Drs. McLean and Steele, with State Industrial Accident Commission, etc., re: William V. Collins (Eastern & Western Lumber Company).
2623	Letter dated April 26, 1938, National Hospital Association to Drs. McLean and Steele, in re: A. Bradley (Oregon City Sand & Gravel Company).
2624	File of correspondence between National Hospital Association and Drs. McLean and Steele in re: G. J. Moehnke (Schetky Logging Company).
2625	Letter dated May 27, 1938, National Hospital Association to Drs. McLean and Steele, in re: G. J. Moehnke and A. Hagen, and copy of letter dated June 1, 1938, in reply.
2626	File of correspondence between National Hospital Hospital Association and Dr. E. H. McLean, in re: L. L. Cooper (P. W. Lumber Company).

Exhibit No.:	Description
2627	Letter dated June 1, 1939, by National Hospital Association to Drs. Wilson and Rankin.
2628	Letter dated January 16, 1939, by National Hospital Association to Coquille Hospital.
2629	Letter dated June 21, 1939, by National Hospital Association to Drs. Wilson & Rankin, and carbon copy of letter dated June 21, 1939, by National
1459	Hospital Association to Coquille Hospital.
2630	Letter dated February 20, 1939, by National Hospital Association to Dr. M. Earl Wilson.
2631	Letter dated September 26, 1939, by National Hospital Association to Coquille Hospital.
2632	Letter dated December 17, 1938, by National Hospital Association to Dr. M. Earl Wilson.
2633	Letter dated December 28, 1938, by National Hospital Association to Dr. M. Earl Wilson.
2634	Letter dated December 28, 1938, to Dr. M. Earl Wilson.
2635	Letter dated December 30, 1938, by National Hospital Association to Coquille Hospital.
2636	Letter dated February 14, 1939, by National Hospital Association to Coquille Hospital.
2637	Letter dated March 6, 1939, by National Hospital Association to Coquille Hospital.
2638	Letter dated March 14, 1939, by National Hospital Association to Dr. M. Earl Wilson.
2639	Letter dated March 24, 1939, by National Hospital Association to Dr. J. D. Rankin.
2640	Letter dated April 7, 1939, by National Hospital Association to Dr. M. Earl Wilson.
2641	Letter dated April 10, 1939, by National Hospital Association to Coquille Hospital.
1460	2642 Letter dated May 27, 1939, by National Hospital Association to Coquille Hospital.

Exhibit No.:	Description
2643	Letter dated June 7, 1939, by National Hospital Association to Dr. J. D. Rankin.
2644	Letter dated July 10, 1939, by National Hospital Association to Coquille Hospital.
2645	Letter dated July 13, 1939, by National Hospital Association to Coquille Hospital.
2646	Letter dated July 15, 1939, by National Hospital Association to Coquille Hospital.
2647	Letter dated July 31, 1939, by National Hospital Association to Coquille Hospital.
2648	Letter dated July 31, 1939, by National Hospital Association to Dr. M. Earl Wilson.
2649	Letter dated August 3, 1939, by National Hospital Association to Dr. J. D. Rankin.
2650	Letter dated August 15, 1939, by National Hospital Association to Coquille Hospital.
2651	Letter dated August 16, 1939, by National Hospital Association to Coquille Hospital.
2652	Letter dated August 30, 1939, by National Hospital Association to Dr. M. Earl Wilson.
2653	Letter dated September 19, 1939, by National Hospital Association to Coquille Hospital.
1461 2654	Letter dated October 9, 1939, by National Hospital Association to Dr. J. D. Rankin, and letter dated September 30, 1939, by National Hospital Association to Dr. J. D. Rankin, and on the back of letter dated September 30 is carbon copy of letter dated October 2, 1939, by Dr. J. D. Rankin to National Hospital Association.
2655	Letter dated October 16, 1939, by National Hospital Association to Coquille Hospital.
2656	Letter dated October 30, 1939, by National Hospital Association to Dr. L. B. Gould.
2657	Letter dated November 7, 1939, by National Hospital Association to Dr. M. Earl Wilson.

Exhibit No.:	Description
2658	Sheaf of correspondence, the first of which is carbon copy of letter dated November 10, 1939, by National Hospital Association to Coquille Hospital.
2659	Letter dated November 15, 1939, by National Hospital Association to Coquille Hospital.
2660	Letter dated December 2, 1939, by National Hospital Association to Coquille Hospital.
2661	Letter dated December 2, 1939, by National Hospital Association to Coquille Hospital.
2662	Letter dated December 11, 1939, to Coquille Hospital.
2663 1462	Letter dated December 12, 1939, by National Hospital Association to Coquille Hospital.
2664	Letter dated December 18, 1939, by National Hospital Association to Coquille Hospital.
2665	Letter dated December 19, 1939, by National Hospital Association to Dr. M. Earl Wilson.
2666	Letter dated December 30, 1939, by National Hospital Association to Dr. R. D. Rankin.
2667	Letter dated January 3, 1940, by National Hospital Association to Dr. L. B. Gould.
2668	Letter dated January 11, 1940, by National Hospital Association to Coquille Hospital.
2669	Letter dated January 25, 1940, by National Hospital Association to Dr. M. Earl Wilson.
2670	Letter dated February 22, 1940, by National Hospital Association to Dr. M. Earl Wilson.
2671	Letter dated April 4, 1940, by National Hospital Association to Coquille Hospital.
2672	Letter dated March 18, 1940, by National Hospital Association to Dr. M. Earl Wilson.
2673	Letter dated January 2, 1942, by National Hospital Association to Coquille Hospital.
2674	Sheaf of correspondence, the first of which is letter dated January 7, 1943, by National Hospital Association to Coquille Hospital.

Exhibit No.:		Description
1463	2675	Sheaf of statements of National Hospital Association to Dr. J. D. Rankin, the first of which is dated 12–27–38.
	2676	Letter dated May 15, 1948, by Industrial Hospital Association to Dr. H. E. Rinehart.
	2677	Letter dated October 10, 1933, by National Hospital Association to Dr. W. B. Neal.
	2678	Sheaf of correspondence, the first of which is carbon copy of letter dated June 5, 1935, by Eugene Hospital and Clinic to National Hospital Association.
	2678a	Sheaf of correspondence between National Hospital Association and Eugene Hospital & Clinic.
	2679	Letter dated February 9, 1932, by National Hospital Association to Dr. P. J. Bartle, and carbon copy of letter dated February 11, 1932, by Eugene Hospital and Clinic to National Hospital Association.
	2680	Sheaf of correspondence and statements, the first of which is letter dated May 9, 1930, by National Hospital Association to Eugene Hospital and Clinic.
	2681	Sheaf of correspondence and statements, the first of which is carbon copy of letter dated May 12, 1933, by Dr. G. A. Ross to National Hospital Association.
	2682	Carbon copy of Resolution of Multnomah County Medical Society dated November 19, 1937.
1464	2683	Letter dated March 18, 1940, by National Hospital Association to Dr. K. H. Martzloff with attached booklet entitled "Schedules of Fees of National Hospital Association."
	2684	Sheaf of correspondence, the first of which is letter dated March 14, 1936, by Industrial Hospital Association to Dr. A. E. Dodson.
	2685	Sheaf of correspondence, the first of which is letter dated May 6, 1930, by National Hospital Association to Dr. A. C. McCown.

Exhibit No.:	Description
2686	Letter dated March 12, 1935, by National Hospital Association to Drs. Straumfjord & Cone with attached form of National Hospital Association.
2687	Letter dated June 1, 1937, by National Hospital Association to Drs. Straumfjord & Cone.
2688	Sheaf of correspondence, the first of which is letter dated December 4, 1937, by National Hospital Association to Dr. Jon V. Straumfjord.
2689	Sheaf of correspondence, the first of which is letter dated March 26, 1938, by National Hospital Association to Dr. Jon V. Straumfjord.
2690	Letter dated May 27, 1938, by National Hospital Association to Drs. Straumfjord, Boyden & Boyden.
2691 1465	Letter dated August 3, 1939, by National Hospital Association to Drs. Straumfjord, Boyden & Boyden.
2692	Letter dated April 30, 1941, by National Hospital Association to Dr. Jon V. Straumfjord.
2693	Letter dated December 20, 1937, by Industrial Hospital Association to Dr. A. M. Boyden, and carbon copy of letter dated December 27, 1937, by Dr. Frank E. Boyden to Industrial Hospital Association.
2694	Carbon copy of letter dated April 14, 1939, by Dr. Allen M. Boyden to Industrial Hospital Association, and letter dated April 24, 1939, by Industrial Hospital Association to Drs. Straumfjord & Boyden.
2695	Sheaf of correspondence, the first of which is carbon copy of letter dated February 22, 1935, addressed to Dr. H. R. Shields.
2696	Carbon copy of letter dated September 21, 1942, by Industrial Hospital Association to Dr. Arthur Van Dusen.
2697	Letter dated December 18, 1942, by National Hospital Association to Dr. Charles L. Kaufman.

Exhibit No.:	Description
2698	Photostat of Minutes of the Clatsop County Medical Society meeting on February 19, 1943.
2699	Photostat of Minutes of Meeting of Clatsop County Medical Society, January 15, 1943.
1466 2700	Sheaf of correspondence, the first of which is letter dated March 2, 1944, by National Hospital Association to Dr. E. E. Berg.
2701	Minutes of Meeting of Jackson County Medical Society on October 9, 1940, and photostat of letter dated September 16, 1940, addressed to Dr. E. R. Durno by Drs. Inskeep, Hayes, Roney, Lemery, and Sleeter.
2702	Photostat of Minutes of Meeting of Jackson County Medical Society, September 24, 1941.
2703	Sheaf of reports and correspondence in re: J. Herbert Lineberger, Parkdale, Oregon.
2704	Letter dated October 28, 1942, by Drs. Harry C. Blair, and H. Thatcher addressed to St. Helens Pulp & Paper Company, Pope & Talbot Lumber Company, Industrial Hospital Association, Columbia County Medical Society, and the Council of Multnomah County Medical Society.
2705	Mimeographed form of contract of Industrial Hospital Association.
2706	Sheaf of financial statements of hospital associations, the first of which is dated December 31, 1935.
2707	Sheaf of correspondence, the first of which is signed carbon copy of letter dated April 17, 1929, by Dr. W. J. Gilstrap to Portland City and
1467	County Medical Society.
2708	Letter dated October 24, 1949, by National Hospital Association to Dr. Arthur C. Jones, and carbon copy of letter dated October 19, 1949, by Dr. Arthur C. Jones to National Hospital Association.
2709	Carbon copy of letter dated December 2, 1948, by Dr. E. G. Chunard to Dr. C. L. Gilstrap, and

Exhibit No.:	Description
	letter dated November 30, 1948, by Dr. C. L. Gilstrap to Dr. E. G. Chuinard.
2710	Letter dated September 2, 1931, National Hospital Association to Dr. R. W. Sleeter, Medford, Oregon, re: C. B. Robinett.
2711	Letter dated January 26, 1932, National Hospital Association to Dr. R. W. Sleeter; letter dated December 11, 1931, National Hospital Association to Dr. R. W. Sleeter, re: Dorothy Rogers.
2712	Letter dated November 13, 1931, National Hospital Association to Dr. R. W. Sleeter, Medford, Oregon, and carbon copy of letter dated November 24, 1931, Dr. R. W. Sleeter to National Hospital Association, re: H. E. Emerson.
2713 1468	Letter dated June 24, 1931, National Hospital Asciation to Dr. R. W. Sleeter, Medford, Oregon, and carbon copy of letter dated June 26, 1931, Dr. R. W. Sleeter to National Hospital Association, in re: Tom Bogenoff and Roy Davis (Dr. B. L. Lageson).
2714	Letter dated May 11, 1931, National Hospital Association to Dr. R. W. Sleeter; carbon copy of letter dated May 14, 1931, R. W. Sleeter, M.D., to National Hospital Association; letter dated May 20, 1931, National Hospital Association to Dr. R. W. Sleeter, Medford, Oregon; carbon copy of letter dated May 25, 1931, Dr. R. W. Sleeter to National Hospital Association; and carbon copy of letter dated May 25, 1931, Dr. R. W. Sleeter to National Hospital Association (in re: Gain Robinson and D. G. Tyree).
2715	Letter dated March 17, 1931, National Hospital Association to Dr. R. W. Sleeter, Medford, Oregon, and carbon copy of letter dated March 14, 1931, Dr. R. W. Sleeter to National Hospital Association, re: W. E. Duncan.
2716	Letter dated October 21, 1932, National Hospital Association to Dr. R. W. Sleeter, Medford, Oregon, re: T. W. Knackstedt.

Exhibit No.:	Description
2717 1469	Letter dated May 10, 1940, National Hospital Association to C. L. Coyle, M.D., Medford, Oregon, in re: Employee of the Medford Corporation, together with carbon copies of letters dated April 6, 1940, and June 5, 1940, to W. J. Page, National Hospital Association.
2718	Letter dated August 30, 1940, National Hospital Association, addressed to Dr. Charles L. Coyle, Medford, Oregon, enclosing New Fee Schedule under "X Medicine" contracts.
2719	Letter dated January 14, 1946, National Hospital Association to Dr. Charles L. Coyle, Medford, Oregon, and carbon copy of letter dated October 12, 1946, Dr. Coyle to National Hospital Association, in re: Fee Schedule.
2720	Letter dated October 14, 1946, National Hospital Association to Dr. C. L. Coyle, Medford, Oregon, and carbon copy of letter dated October 18, 1946, Dr. Coyle to National Hospital Association, in re: Thomas E. Perdue.
2721	Letter dated June 1, 1934, National Hospital Association to Dr. Charles W. Lemery, Medford, Oregon, in re: Verne R. Melendy.
2722 1470	Letter dated November 2, 1934, National Hospital Association, to Dr. Charles W. Lemery, Medford, Oregon, re: Employees of Owen-Oregon Lumber Sales Co.
2723	Letter dated March 14, 1941, Industrial Hospital Association to Dr. Charles W. Lemery, in re: Ferris Winn.
2724	Letter dated April 14, 1942, Industrial Hospital Association to Dr. Charles W. Lemery, enclosing check for $16.00, and carbon copy of letter dated April 17, 1942, Dr. Lemery to Industrial Hospital Association.
2725	Letter dated August 4, 1942, Industrial Hospital Association to Dr. C. W. Lemery, Medford, Oregon; pathological report, dated August 13, 1942, in re: H. D. Badger; letter dated August 21, 1942,

Exhibit No.:	Description
	University of California Medical School to Dr. C. W. Lemery; letter dated September 18, 1942, Horace Badger to Dr. Lemery.
2726	Carbon copy of letter dated January 16, 1940, Oregon State Medical Society to Dr. R. E. Poston, Ashland, Oregon; and letter dated December 19, 1939, Dr. Poston to Oregon State Medical Society.
2727	Reprint, newspaper articles, Chicago Herald-American, Chicago Tribune and New York Times.
2728 1471	Photostatic copy of letter dated February 9, 1942, (rough draft), addressed to Forcia & Larsen, Noti, Oregon, in re: Sacred Heart General Hospital.
2729	Photostatic copy of letter dated August 11, 1944, W. J. Page to Mr. Bechtold in re: Prouty Lumber Company (services rendered by Dr. Fowler).
2730	Photostatic copy of letter dated February 12, 1937, Lakeview Hospital, Inc., to National Hospital Association, acknowledging receipt of check for $15.75.
2731	Photostatic copy of letter dated March 6, 1937, Lakeview Hospital, Inc., to Industrial Hospital Association in re: Medical care of employees of Medford Concrete Company.
2732	Photostatic copy of letter dated May 1, 1940, National Hospital Association to Sister Petronella, Superior, St. Vincent's Hospital, Portland, Oregon, in re: Hospital insurance system.
2733	Photostatic copy of letter dated December 27, 1943, Portland Council of Hospitals to Providence Hospital.
2734 1472	Photostatic copy of letter dated July 23, 1944, Portland Council of Hospitals to Sister Rose Imelda, St. Vincent's Hospital, Portland, in re: Credit dealings with various hospital insurance contractors.
2735	Photostatic copies of letters dated January 30, 1945, Northwest Hospital Service Plan to Eman-

Exhibit No.:	Description
	hel Hospital; and letter dated January 30, 1945, Northwest Hospital Service Plan to E. B. MacNaughton, Northwest Hospital Service Plan, in re: Oregon Physicians' Service.
2736	Photostatic copy of memorandum by Dr. R. A. Bissett marked "Copy," in re: Memorial to Dr. Charles G. Sabin.
2737	Photostatic copy of letter dated September 4, 1948, Industrial Hospital Association to Tryer N. Thompson, Astoria, Oregon, in re: Oregon Physicians' Service.
2738	Photostatic copy of memorandum dated March 13, 1939, C. C. Bechtold, re: Employee of Carlton Manufacturing Company (Dr. Guy F. Via, Forest Grove).
2739	Sheaf of correspondence between Ray B. Compton, Attorney, Roseburg, Oregon, and National Hospital Association, and letter of L. M. Lehrbach, M.D., Roseburg, Oregon (Roseburg Lumber Company), the first of which is dated August 15, 1946.
2740 1473.	Printed booklet entitled "Principles of Medical Ethics of the American Medical Association."
2741	Sheaf of correspondence between National Hospital Association and Dr. Dwight H. Findley, Medford, Oregon, in re: American Fruit Growers, the first of which is dated December 20, 1937.
2742	Letter dated June 23, 1938, Industrial Hospital Association to Dr. Dwight H. Findley, in re: California-Oregon Power Company.
2743	Letter dated April 2, 1938, Industrial Hospital Association to Dr. Dwight H. Findley, in re: Services rendered G. W. Medley.
2744	Letter dated November 23, 1938, National Hospital Association to Dr. Dwight H. Findley, Medford, Oregon, in re: Cold Shots, etc.
2745	Letter dated October 19, 1938, National Hospital Association to Dr. Dwight H. Findley, Medford, Oregon, re: Employees of Medford Corporation.

No.: Exhibit	Description
2746	Letter dated May 24, 1938, National Hospital Association to Dr. Dwight H. Findley, Medford, Oregon, re: Employee of Abbey Motor Company; carbon copy of letter addressed to W. J. Page, National Hospital Association, dated May 20, 1938; and letter dated May 21, 1938; and letter dated February 28, 1938, National Hospital Association to Dr. Dwight H. Findley, re: Em-
1474	ployee of Walter Abbey Company.
2747	Letter dated August 19, 1940, Dr. Dwight H. Findley, Medford, Oregon, to National Hospital Association; and letter dated August 18, 1940, National Hospital Association to Dr. Findley, in re: Kessler.
2748	Letter dated February 22, 1938, National Hospital Association to Dr. Dwight H. Findley, in re: Employees of Rogue River Valley Irrigation Company.
2749	Letter dated March 7, 1938, National Hospital Association to Dr. Dwight H. Findley, Medford, Oregon, replying to letter of February 24th (Authority to remove tonsils).
2750	Letter dated March 17, 1938, National Hospital Association to Dr. Dwight H. Findley, Medford, Oregon, enclosing copy of letter addressed to Dr. LeRoy C. Jensen, (Pinnacle Packing Company).
2751	Letter dated May 25, 1938, National Hospital Associaion to Dr. Dwight H. Findley, Medford, Oregon, and copy of letter dated May 20, 1938, Dr. Findley to National Hospital Association, re: Employee of Jackson County.
2752	Mimeographed copy of speech by Dr. John H. Fitzgibbon entitled "The Future of Medicine."
2753	January, 1945, issue of "The Railroad Journal,"
1475	Vol. 9, No. 5, with special reference to Page 20 thereof on which appears the article "Doctors Support Insurance," by Dr. John H. Fitzgibbon.
2754	Photostatic copy of Minutes of Special Meeting of of the Council of the Multnomah County Medical Society, December 10, 1937.

Exhibit No.:	Description
2755	Copy of Minutes of Regular Meeting of the Council of the Oregon State Medical Society, December 11, 1937.
2756	Copy of Pathological Report by Dr. E. R. Durno, dated February 6, 1936 (Mrs. Roop), Medford, Oregon.
2757	Carbon copy of letters dated August 1, 1938, by Edwin R. Durno, M.D., to Industrial Hospital Association together with reply of Industrial Hospital Association dated August 3, 1938.
2758	Carbon copy of letter dated April 30, 1941, to Industrial Hospital Association, from "Mary Scott, Secretary" together with attached correspondence, re: accepting tickets, checks and rates, etc.
2759	Copy of letter from Industrial Hospital Association dated February 3, 1942, to Dr. E. R. Durno, Medford, Oregon.
2760	Carbon copy of letter dated December 8, 1942, from Industrial Hospital Association to Dr. W. G. Bishop, Medford, Oregon.

1476 Mr. Marcus: One other item, your Honor: With defendants' counsel's consent, I am now moving to have the transcript corrected on page 198 thereof so that in the 14th line the word "received" will be corrected to read "refused."

Mr. Jaureguy: No objection.

DR. EDWARD H. MCLEAN, one of the Defendants herein, having been previously duly sworn, resumed the stand and further testified as follows:

Cross Examination (Continued)

By Mr. Marcus:

Q. Now, Doctor, on direct examination you testified that when you dealt with these hospital associations you had to ask permission to do certain things and that at times they would give you permission and later on they would

tell you that they did not feel that they should cover that for which they had given you permission. Is that what you had intended to say? A. That is what I intended to say, yes.

Q. I have here Defendants' Exhibit 2577, which consists of a sheaf of correspondence between yourself and the Industrial Hospital Association.

There is a letter of February 4, 1933 from the Industrial Hospital Association to you in which it is stated:

"We were surprised to receive your bill for $71 covering services rendered (name of patient).

1477 "When you wrote us on June 10, 1932, requesting authority to treat this case, we had our Mr. Lewsadder advise you personally that we would take care of five treatments on the basis of $3 per treatment, making a total of $15 for this case.

"We shall appreciate hearing from you regarding the matter."

Then, there is a letter from you to the Industrial Hospital Association, dated February 10, 1933 in which you comment on the previous letter and you state:

"I can appreciate the fact that you are somewhat surprised at the difference in the size of this account as compared with what you might have expected. The facts are about as follows," and then you go on to state why you deemed it necessary to give further treatments.

Then, there is a letter of February 17, 1933 from Industrial to you, commenting in turn upon your letter, in which it is stated:

"The question now confronts us as to whether it is right that we should assume all the added expense, or is it fair to expect the doctor to bear part of the loss when a case does not respond to his treatment and runs into a bill much higher than such cases usually do or should cost us."

1478 The letter ends with this comment:

"Our usual expense on varicose vein cases is not over $25. The excess over that amount in this case is $46. If we stand one-half of this excess amount, it would make our payment to you amount to $48. In view of all the circumstances, as outlined, do you think that would be a fair settlement? If you do, the bill will be paid on that basis, and your cooperation will be very much appreciated."

Then, there is a letter from you, dated February 26, 1933, replying to the letter which I have just read and stating:

"I can appreciate your disturbance at the difference in the actual from the expected bill. In fact, it was considerable more than I anticipated."

Then, you go on to state that your usual fee in private practice for varicose veins runs from $25 to $50 in those cases where it is not necessary to excise and to do certain things mentioned in the letter, and concludes:

"In view of the fact that you are being asked for more than you expected, and although I did considerable more work than I expected to do, I am perfectly willing to meet you halfway and settle for the amount that you stated in your last letter."

Is that one of the instances where you were told to do one thing and you went ahead and did it and then they said you could not be paid for what you had done?

1479 A. Actually, I can't recall the case. The man's name is familiar.

Q. Do you want to look at the correspondence? A. I have been able to catch it as you have read it but actually I do not recall the case.

Q. Wouldn't you say this is one of those instances, from what I have read? A. It possibly could be, multiplied a number of times.

Q. I read from Defendants' Exhibit 2577. A. I heard you read it and I understand the thing, but as far as recalling the case, I don't remember the case. I remember the name.

Q. I am just stating what you yourself wrote. A. I don't quite understand what you are trying to get at. I compromised with the gentleman and that is the end; that is all I can get out of it.

Q. On direct examination, you testified you had experiences with these hospital associations, where you went ahead and got their permission to do something; you went ahead and did it and then they cut you down. I am asking you whether that is one of those instances? A. This would be one of the cases, multiplied a good many times.

Q. That would be one of those cases? A. Yes.

Q. Even though you had been authorized in the
1480 first instance to go ahead and make five injections and then found it necessary to make more injec-

tions? A. I can't tell how many injections one has to make to relieve these things.

Q. Is this one of the cases where you were authorized to do certain things and then found it necessary to do so many in addition? A. This would be one of those cases.

Q. Isn't that one of the cases where you got permission to do something and went ahead and then were cut down because you had done something? A. That is not the kind of case I had in mind, however.

Q. You testified about your unsatisfactory relations with these hospital associations. I want to call your attention to another exhibit which you apparently turned over to defendants' counsel, Defendants' Exhibit 2610, which consists of a letter from National dated October 1, 1932, addressed to you, which reads:

"For your information, I am enclosing copy of letter we have just addressed to Pacific Indemnity Co. that is self-explanatory,"

and the letter reads:

"Mr. J. E. Finke, Jr., Pacific Indemnity Company, Portland, Oregon. Re Doernbecher Mfg. Co.
New Era Operations
1481 "Dear Sir:

"Replying to your letter of December 30th, referring to the doctors in Oregon City, we agree with you that Dr. Mount and Dr. Cleland are competent.

"However, we have also found that Dr. McLean is very reliable and the Association would not look with favor on removing him from our staff at that place. It is probable that you have not met Dr. McLean and if not we believe it would be to your advantage to do so."

Was there something wrong with that, Doctor? A. I can't see anything wrong in it. I think that is quite favorable.

Q. This, then, is not one of the things you have to complain about? A. I should not complain about that except the policy that is intimated behind it.

Q. What policy do you understand to be intimated by this language? A. I took—

Q. Just a minute until I ask you the question. "However, we have also found that Dr. McLean is very reliable and the Association would not look with favor on removing him from our staff at that place." A. What is the question, then, please?

Q. You said you did not think much— A. I was
1482 about to answer that for you.

Q. I am addressing my question to this particular sentence. A. The policy had been that of directing patients to certain doctors.

Q. Doctor, I think we both have the same understanding of the English language. This states: "However, we have also found that Dr. McLean is very reliable and the Association would not look with favor on removing him from our staff at that place." A. The language of that, if I understand the English language, intimates that the hospital association has a staff and that they direct patients to certain doctors.

Q. Does it intimate to you—apparently it does to me—that Doernbecher Manufacturing Company are suggesting that you be not considered? A. That is fair enough too.

Q. Apparently, then, we agree on some aspects of what is meant by this letter.

Then, we have Defendants' Exhibit 2613, which is a letter dated June 22, 1935, written by the National Hospital Association and addressed to William G. Bolche:

"We acknowledge your letter of June 19th wherein you advise you have been having some trouble with your eyes and reported to Dr. McLean of Oregon City who seems to be of the opinion that you should have a hospital certificate filled out by your employer in order to obtain
1483 service at the expense of the Association.

"Dr. McLean was merely advising you of the practice the Association has followed in the past in its contracts with employers where the employer's office is centrally located and the employees can apply for hospital certificates. In our contract with the State Highway Department, however, the work is so widely scattered that we found it necessary to develop the plan of issuing an individual membership certificate such as you hold.

"This certificate contains instructions to the doctor to the effect that all that it is necessary for him to do is to present his statement showing your name and certificate number. The Association has a record of your membership in this office and the usual form of hospital certificate is not required. We are sending a copy of this letter to Dr. McLean and believe if you return to him you will have no difficulty. We would be pleased to have you write us again advising whether or not you received the necessary care." A. Now, that is a good many years ago, I believe. I think

I have seen something over thirty to fifty cases a day since then over a period of years. That is a strain, rather a strain on the memory, I believe.

The Court: Don't get that number too high. Seventy-five is the deadline with us here.

A. Is that so?

1484 The Court: Yes.

Mr. Marcus:

Q. Now, Doctor, on direct examination did you say that the hospital associations sometimes suggested to you what they thought should be done? A. I believe I did.

Q. And did that have to do with whether there should be private rooms and nurses and the like? A. I don't recall particularly that. We had to argue sometimes about private rooms and nurses, but usually if we insisted that a patient needed a private room it had it.

Q. Now, you have also testified, Doctor, that at times the hospital association would suggest to you that a patient be sent down to Portland for treatment. A. Yes.

Q. I believe you also said that in most instances you had sufficient firmness to refuse. A. I didn't understand you.

Q. I believe you also said that in most instances you had sufficient firmness to refuse. A. That is quite true.

Q. Have you ever had similar trouble with respect to OPS or your own association? A. I have not, no.

Mr. Marcus: I would like to have this marked.

(Photostat of letter dated January 12, 1944 by OPS to the Physicians' Association of Clackamas County,
1485 was marked for identification Plaintiff's Exhibit No. 2056.)

Mr. Marcus:

Q. Now, Doctor, I want to call your attention to Plaintiff's Exhibit marked for identification 2056 which is a letter of January 12, 1944 from OPS to the Physicians' Association of Clackamas County and addressed to Mrs. Olson. I might ask you whether Mrs. Olson was in the business office of the Association? A. In the business office.

Q. "Dear Mrs. Olson: Mr. Marshall asked the writer to investigate the problem outlined in your note of January 7 and report back to you. I am sure that any occasion

upon which a resident of Oregon City is told that he must see a Portland doctor is due entirely to misunderstanding on the part of the clerk at the first-aid station. Early last year we anticipated just such problems as these arising at these units. We therefore made available to our subscribers at the shipyards two separate lists of cooperating doctors, one limited to Portland physicians and the other containing the names of all OPS doctors throughout the State."

It goes on to say,

"At these units we have always been confronted with heavy labor turnover, especially in the clerical classification. It is quite possible therefore that new clerks
1486 will misinterpret or fail to understand the general policies under which referrals out of the State are made."

From that, Doctor, would you take it that on occasion there has been instruction on the part of someone connected with OPS that patients should go to Portland for treatment? A. No, I would not.

Q. Well, what is your understanding of this? A. My understanding is that there are a great many people working in the shipyards coming from all over the country and the people that directed them simply directed them to the nearest doctor.

Q. Well, Doctor, let me read some of this again. This is addressed to Mrs. Olson. A. Yes.

Q. The Physicians' Association of Clackamas County.

"Mr. Marshall asked the writer to investigate the problem outlined in your note of January 7."

Now, let's just take that. Does that suggest to you that Mrs. Olson— A. I can explain that problem.

Q. Well, might I finish my question, please, Doctor. Does that suggest to you that Mrs. Olson on behalf of the Physicians' Association of Clackamas County had raised this problem with OPS? A. It is probably so, yes.

1487 Q. Then I assume that the problem must have existed. A. Of referring patients to Portland doctors?

Q. Yes. A. The problem existed and can be explained.

Q. Now, Doctor, I believe yesterday you stated, did you not, that you had never been on any of the committees of the State Society which had to do with prepaid medical care plans or contract— A. So far as I recall that is true.

Q. Doctor, I have here a part of a Northwest Medicine publication. I believe this particular document has been put into evidence, but the particular copy I have does not have a number. I will ask that it be shown to you and then ask you whether this refreshes your recollection.

The Court: What is the date of it? Does it show the date?

Mr. Jaureguy: December, 1941.

Mr. Marcus:

Q. Does that refresh your recollection? A. Yes, I recall that now. I had forgotten about that.

Q. So there were at least at this time an occasion when you were on a committee which had to do with those subjects? A. In general, yes.

Q. Now, Doctor, you have mentioned certain difficulties you have had with these hospital associations such as cutting down on fees and the like. Would you say that that was typical with respect to prepaid medical care
1488 organizations? A. I think that that is generally typical in the audit, yes.

Q. And would you say that it is generally typical that you attempt to save money where that can be done without at the same time sacrificing the patient? A. That is good management. I think saving money if you can without sacrificing the patient is good management.

Q. Well, I wonder whether you would consider this an example of that.

(Photostatic copy of minutes of meeting of Clackamas County Physicians' Association held on February 27, 1948, was marked for identification Plaintiff's Exhibit No. 2057.)

Mr. Marcus:

Q. Doctor, I will call your attention to one paragraph in the Plaintiff's Exhibit marked for identification 2057. This document is the minutes of a meeting of February 27, 1948, of your Association. It states here:

"Dr. Steele reported that the dentists have requested an increase in certain fees, but that it was felt the committee might be able to work out a compromise. The dentists have suggested that we are doing ourselves an injustice by sending subscribers to them for full mouth extraction in cases where it is not necessary. It has been suggested that doctors be more careful in authorizing full mouth

extractions and that they should refer patients for extraction of only such teeth as are necessary. In issuing
1489 requisitions the doctors should incorporate in their instructions to dentists that they only extract those teeth that they deem necessary."

That is an instance, is it not, Doctor, where good management could effect a saving probably? A. Why, yes, good management could effect a saving. I can't understand a dentist doing something he doesn't consider necessary any more than a doctor doing something he doesn't consider necessary just because somebody tells him to.

Q. Well, I am merely reading from what was reported at one of your meetings. A. I understand.

Q. Doctor, have you ever held any official position with the Oregon Physicians' Service? A. Not that I recall. I sat in in an advisory capacity when I was President of the State Medical Society, but no official position or voting position.

Q. And at the time that you sat in in the OPS meetings in an advisory capacity you were President of OSMS and also on the Board of the Northwest Hospital Service Plan, were you not? A. I believe so.

Q. Do you recall whether you were ever on a committee of OPS? A. I do not recall that I was.

Q. Doctor, I show you Exhibit 417 and ask you to look at the bottom of the second page to see whether that
1490 refreshes your recollection. A. No, I don't recall a thing about it, but it must be so. It is there in writing.

Q. Well, this is a record of a meeting of the Board of Directors of the Oregon Physicians' Service dated September 1, 1944, and at the part where I asked you to look, Doctor, it says:

"Upon motion unanimously carried all standing sub-committees of the Board of Directors were reappointed for the year of 1944-45 as follows: Public Relations Committee, Thompson Coberth, E. H. McLean, John Besson."

A. I read that, but I don't recall being on the committee and I don't recall any activities of the committee.

Q. Doctor, would you say that your Association has not been guided by the policies of the Oregon State Medical Society? A. Which association?

Q. The Physicians' Association. A. Would I say that

it has not been guided? No. I would not say that it has not been guided.

Q. It has been guided by those— A. To a large extent, yes.

Q. And that is true with respect to action by the doctors who have belonged to that Society, is it not? A. I don't quite understand your meaning.

Q. Well, I assume that the membership of the association thought they should be guided by the policies of
1491 the State Society as well as the Society— A. The membership of the Association is made up by members of the State Society and they make the policy of the State Society. They guide the State Society.

1492 Q. Doctor, did I understand you to say on direct that at one time the Multnomah County Medical Society took in the Clackamas County doctors? I may be mistaken, but I have the impression that you stated that. A. Before the organization of the Clackamas County Medical Society, those members in contiguous societies who had no local affiliation could become members of the Multnomah County Society.

Q. About when did the Clackamas County group form? A. I can't give you the date of that. I think we had an organization which was composed of a number of doctors along about 1932, and then we reorganized along about '36.

Q. Were you a member of the Multnomah County Medical Society prior to that? A. I was.

Q. Were you on any of its committees? A. Not that I recall.

Q. Were you an officer of that Society? A. No, I was not an officer.

Q. Doctor, in looking over the correspondence which I assume you turned over to Mr. Jaureguy, and which has now been marked and admitted, subject to objection, I notice in some instances the complete correspondence appears and in other instances there is merely a letter from you or, in some instances, merely a letter from one of the hospital associations.

Did you make the choice in selecting these docu-
1493 ments? A. I gave Mr. Janreguy everything I had, that I could find.

Q. You do not know, yourself, whether there might not have been more complete correspondence respecting certain items? A. I don't know, because it is just by accident that these things happen to be saved.

Mr. Jaureguy: I wonder if I could make a statement for the record on that? In every instance where I have received correspondence from any source and have put in evidence a letter and there was a letter to which that was in answer, or where there was a letter answering that letter, I always put all those in. Very often, however, there would be a reference to a letter and the letter referred to would not be there.

Mr. Marcus:

Q. Doctor, have you ever attended meetings of the heads of various doctor-sponsored prepaid medical care organizations? A. By "heads" do you mean doctors or business managers?

Q. I assume in that case it would be doctors. Let's take them first. A. I have attended meetings of the managers of various associations, yes.

Q. I wonder, as a matter of information, whether you could explain something to me. When a subscriber of the Physicians Association of Clackamas County withdraws from that county, can he retain his membership, or is that automatically lost? A. I can't answer that. I don't know what the rule is in that regard. It seems to me
1494 he probably does because of the matter of servicing, but I don't know what the rule is in that regard.

Q. In the course of—let us put it this way: Could you tell us what your income was during the past year?

Mr. Jaureguy: Objected to, your Honor, as incompetent, irrelevant and immaterial.

The Court: Sustained.

Mr. Marcus: Your Honor, we had the same question with respect to persons connected with the hospital associations. Over my objection your Honor required that the particular witnesses on the stand reveal that information.

The Court: Let me talk now. You save your voice. Let me use mine. That was to show their interest. This is too remote in my judgment. Now, wait a minute. This is too remote in my judgment of this situation. Objection sustained.

Mr. Marcus: Your Honor, can I ask this witness what his income was from the Physicians Association of Clackamas County?

The Court: No, too remote in my opinion. I have no doubt that as a result of his seeing, over a period of years,

a long period of years, from 30 to 50 patients a day, that I can figure that out and so can you.

Mr. Jaureguy: How can you figure out how much wasn't paid him, who couldn't pay him?

The Court: I know pretty well about that, too.

Mr. Marcus: That is all, your Honor.

1495 Redirect Examination

By Mr. Jaureguy:

Q. That varicose vein case, as I recall that correspondence, that was in 1933. They objected to paying your charge of $71.00 and called your attention to the fact that they had authorized five treatments at $3.00 each.

I will ask you, first, whether you think it is possible for a layman and, secondly, whether or not it is possible for a doctor in advance to tell how many treatments are necessary to take care of varicose veins? A. No, it is not. I missed my guess a good many times.

Q. Then, would it be possible for a layman in Portland to tell somebody in Oregon City how many somebody in Oregon City might need, whom he has never seen? A. It is not possible for anybody.

Q. You say you do not recall the case, but could you say whether you gave more treatments than were necessary? A. I recall the man's name, as having been a patient of mine.

Q. Would you have given him more treatments than were necessary? A. I would not give more than I thought were necessary.

Q. Your bill was cut down from $71.00 to $48.00 although in your opinion you gave just the number of treatments that were necessary? A. I gave what I thought the man needed.

Q. I do not have the exhibit here, but there is an
1496 exhibit that mentions Dr. Mount and Dr. Cleland in Oregon City, and there is a letter from either National or Industrial— A. It was National, I believe.

Q. National; from National to Mr. Finke of Pacific Indemnity Company.

You said there was an intimation in that letter—I may be mistaken, but I got the impression that thereupon Mr. Marcus interrupted you and read a sentence. I didn't think that was the sentence from which you got the intimation.

In the first instance, they agreed that Dr. Mount and

Dr. Cleland were good and you were good. What was the intimation you had? A. The intimation is that it says that he would not like to have him removed "from our staff." The fact that they have a staff indicates that they direct their employees to go to certain physicians. Before 1930 Dr. Mount's office was the only office in town that treated National Hospital Association cases, as far as I know.

Q. You say it is the only one that treated them. Were the others permitted to treat them? A. They were directed to go to Dr. Mount's office.

Q. In one of the other exhibits you said you could explain the problem involved, but Mr. Marcus did not ask you to explain it, so I am asking you to explain it. That referred to the shipyards, I believe. A. In the ship-
1497 yards there were men coming from as far south as Salem. These first-aid people in the shipyards would send them to a doctor and it would usually be a Portland doctor because that was the nearest, and they would get started to have treatments under a Portland doctor, but they would live in Oregon City or live in Salem, and many of them would want to go to their own doctors.

That was the problem that arose, and also very many of them had coverage under the Clackamas County Physicians' Association and that made a difficulty in bookkeeping, and also in expense where they would go and pick out a physician who was not a part of the organization.

Q. That was the problem that was involved in that situation? A. That was the problem involved.

Q. Have you ever had any control attempted to be exercised over you by OPS as to the manner in which you should treat patients that were covered by OPS? A. No, I have not.

Q. Doctor, I think yesterday there was the Stephens case, where I thought you did not get an opportunity to explain what you wanted to. Would you explain that? A. There seemed to be some intimation that I had done the man wrong.

Q. And you don't think you did? A. I don't think I did, because just the day before yesterday I took
1498 out his child's tonsils, and they were quite satisfied with my care over him, and also I think I have confined his wife since then. He got his operation and I got my money. We like each other very well.

Q. There is one other question I want to ask you. It

was brought out that for quite a long period of time you have been one of the trustees of Northwest Medicine? A. Yes.

Q. I want to ask you whether the Northwest Medicine trustees endeavored to exercise any control over the Oregon editor as to what he should put in Northwest Medicine? A. Not as long as it is his opinion.

Mr. Marcus: I would like to know whether this witness has any personal knowledge of that. If he does not have, I move to strike that answer.

Mr. Jaureguy: He has been a trustee for fifteen years.

A. I have personal knowledge of it, yes.

Q. What is that personal knowledge? A. We have an editor for the Oregon section who has some very personal opinions, and when he first became editor of the section he put in his editorial writings some personal opinions which were not accepted.

Mr. Marcus: I move to strike that out, your Honor. That is purely a conclusion of this witness.

The Court: Motion denied.

1499 A. May I state it is not a conclusion of the witness.

Mr. Jaureguy:

Q. No, you can't state that. That is for the Judge to decide. You just go ahead and state your story and then, between Mr. Marcus and me, we will pick it apart. A. A good many members of the profession objected to these things because they seemed to express the opinion of the Oregon State Medical Society, so the Publications Committee asked the editor to sign the articles that he wrote, if they were controversial.

Q. At any time since you have been on the Board of Trustees has it been the intention of the articles contributed by anybody or written by anybody, whether signed or not, were the position or expressed the position of the Oregon State Medical Society? A. No.

Q. That editor you are speaking about is one of your co-defendants in this case? A. Yes. He is in court today.

The Court: Try to finish with this man in five minutes, now. Let's dismiss him in five minutes.

Mr. Jaureguy: That is okeh.

Cross Examination

By Mr. Marcus:

Q. It is true, is it not, that the Clackamas County Physicians' Association has a panel? A. I think that can
1500 be answered yes and no. The panel consists of anybody who practices in Clackamas County.

Q. That is right, but I assume if one of these subscribers wanted to go to a doctor outside of that county he could not, under your coverage, could he? A. Under the contract that we make with the subscriber.

Q. That is the current situation?

Mr. Jaureguy: I don't think he answered the question.

A. Pardon?

Mr. Jaureguy: I don't think he answered the question.

Mr. Marcus:

Q. Is the answer Yes? A. Will you ask the question again, please?

Q. Could a subscriber determine for himself that he would be treated by some doctor outside of Oregon City, under your contract? A. Not under the contract.

Q. When you were talking about the panels of the hospital associations, as of what period were you referring? A. Before 1930.

Q. Do you recall ever having printed in Northwest Medicine a statement that the articles and items that appeared in connection with any prior issues did not represent the position of the Medical Society? A. I don't recall of that ever having been put in there, but it could have
1501 been put in.

Mr. Marcus: That is all.

Redirect Examination

By Mr. Jaureguy:

Q. Do I understand you are saying that at all times since 1930 there has not been a closed panel of the National and Industrial hospital associations? A. I don't recall that there has been a closed panel since 1930.

Q. Your letters here of 1936, 1937 and 1938—you are talking about the Clackamas County Association only, now? A. Yes.

Q. You are not talking about the rest of the state? A. No.

Mr. Jaureguy: That is all.

The Court: That is all, Doctor.

(Witness excused.)

(Recess)

1502 Roswell S. Waltz, a witness on behalf of Defendants, having been previously duly sworn, resumed the stand and further testified as follows:

Cross Examination (Resumed)

By Mr. Marcus:

Q. Dr. Waltz, I believe you testified that you had some trouble with these hospital associations and you then took up with the Multnomah Industrial Health Association? A. Yes.

Q. Did you have any similar troubles with that association? A. There may have been some—in its beginnings there may have been some questions as to policy and so on. I don't recall.

Q. Are you familiar with the publication "Medical Reporter"? A. I remember I received some copies of it at one time.

Q. I call your attention to Plaintiff's Exhibit 258, which is the issue of the Medical Reporter of April 1, 1935, and this appears in that issue:

"Did we hear some official of the Multnomah Industrial Health object to certain therapies on the ground of expense? Or did we imagine it?"

Did you ever have that experience? A. Would you repeat that? I didn't quite get it.

Q. I am sorry, Doctor.

"Did we hear some official of the Multnomah In-
1503 dustrial Health object to certain therapies on the ground of expense? Or did we imagine it?"

A. You want me to answer that question?

Q. I am merely asking you if you have ever had that experience?

The Court: Is that Dr. Dammasch's organization?

Mr. Jaureguy: That was Dr. Dammasch's organization. This is dated April 1, 1935.

A. I don't recall whether I had any such experience or not.

Mr. Marcus:

Q. Doctor, did you also deal with the Multnomah Medical Service Bureau?

The Court: Whose was that?

Mr. Jaureguy: That is the same thing, under a new name.

The Court: Later?

Mr. Jaureguy: Yes.

A. And that began about when?

Mr. Marcus:

Q. It began certainly after 1936. Counsel can correct me, but I believe it began in 1936, that it was in 1936 that the Multnomah County Medical Society withdrew its approval of the Multnomah Industrial Health Association.

Mr. Jaureguy: '35, yes. 1935, I think.

Mr. Marcus:

Q. And thereafter this other association came into being.

The Court: Is that still Dr. Dammasch?

Mr. Marcus: Still Dr. Dammasch's.

The Court: He carried it on, nevertheless?

1504 Mr. Jaureguy: Under a new name.

The Court: Despite the withdrawal of approval?

Mr. Jaureguy: Yes, and then it was re-approved in 1939. I might say to Counsel, if you care for the information, by that time it was under a new name.

A. The answer is Yes.

(Bulletin of Multnomah Medical Service Bureau, dated July 31, 1940, thereupon marked Plaintiff's Exhibit for Identification No. 2058.)

Mr. Marcus:

Q. Plaintiff's Exhibit 2058, marked for identification, is a bulletin of the Multnomah Medical Service Bureau, dated July 31, 1940. It is stated here:

"As noted in Bulletin 30, please request authorization for X-rays from this office before sending patient to the X-ray laboratory, so that we may determine the liability before the expense has been incurred."

Was that your experience with this association, that you had to get authority before having X-rays, or don't you recall? A. No, that was not my experience. We had to get authority before the association would be responsible, before I could tell the patient that the association would be responsible or would pay for it.

1505 Well, I assume that is true with respect to all prepaid medical care organizations, is it not? A. Yes.

Q. Doctor, on direct examination you stated that you had conferences with persons named of the National Hospital Association about the method of taking care of patients and things like that.

Did you have in mind such things as private nurses, private rooms, and the like? A. Did I talk with those officials regarding such things?

Q. That is right. When you made that statement on direct, did you have in mind the things I have just referred to? A. At various times I have had some considerable conferences with various members of both associations, particularly the National, and I certainly do not recall all of the things I talked with them about, but I did talk with them regarding their general policies regarding the care of patients.

Q. That might very well have included such things as private rooms and private nurses? A. It might have.

Q. Doctor, with respect to those letters which you wrote to the other two concerns, with whom did you consult in writing those letters? A. With whom did I consult?

Q. Yes. A. With my stenographer, no one else.

1506 Mr. Marcus: That is all.

Redirect Examination

By Mr. Jaureguy:

Q. That portion from the Medical Reporter he read, April 1, 1935, that is the date of that. These letters you wrote I think were written in the fall of 1941 and, as I understand it, the Multnomah Medical Service Bureau did not come into Washington County until about the time you wrote that letter in December, 1941? A. Possibly they

might have had certain contracts for one or two years prior to that.

Q. But you did not have any contract for several years after 1935 with the Multnomah Medical Service Bureau? A. I can't say as to that.

Mr. Jaureguy: That is all.

Mr. Marcus: That is all.

1507 (Witness excused.)

Dr. James C. Hayes was thereupon produced as a witness on behalf of Defendants and, being first duly sworn, was examined and testified as follows:

Direct Examination

By Mr. Jaureguy:

Q. What is your business or profession, Doctor? A. Physician and surgeon.

Q. You have been a physician and surgeon how long? A. Since 1904.

Q. What medical school did you attend? A. The Medical Department, University of Oregon.

Q. Where do you practice your profession? A. At the present time I am semi-retired. I retired from general practice in September, 1948. I now do some part-time work at the Veterans Domiciliary Hospital in Camp White, Jackson County, Oregon.

Q. Prior to the time you retired where were you practicing? A. Medford, Oregon.

The Court: Are you retired now? You told me you were never going to quit.

A. Well, as time goes on I am in pretty low gear.

Mr. Jaureguy:

Q. You do not look it, Doctor. How long have you practiced in Medford? A. I started in practicing in Medford in about December, 1920.

1508 Q. And you continued there until when? A. Continued there until September, 1948.

Q. Prior to that did you practice? A. I practiced in the City of Portland from 1907 until 1920, when I went to Medford, Oregon. After I finished my internship at St.

Vincent's Hospital in Portland, Oregon, I put in two years in Sherman County, in the small village of Wasco.

Q. Were you the only doctor in Sherman County? A. No, there were seven there at that time. They tell me now they have none.

Q. Are you a member of the Jackson County Medical Society? A. I am.

Q. How long have you been a member of that? A. I am a charter member of that Society which was originated, I think, in May, 1921.

Q. Are you a member of the Southern Oregon Medical Society? A. I am.

Q. How long have you been a member of that? A. I think I have been a member of the Southern Oregon Medical Society since 1921.

Q. During your practice did you ever work for the commercial hospital associations? A. I have.

Mr. Marcus: Just a minute. I would like to make the same objection as I have heretofore made with re-
1509 spect to Dr. Durno and succeeding doctors, in so far as their testimony relates to their experiences with the hospital associations.

The Court: The testimony is admitted, subject to the objection.

Mr. Jaureguy:

Q. When did you first start working for hospital associations? A. The first contract was written by the National Hospital Association, I believe, in the year 1923. They came into Jackson County and entered into a contract with one of the principal or largest lumber industries we had in that county. After the contract was written, their representative came to see me and asked me if I would service that contract.

Q. I may say, Doctor, later on I am going to ask you whether you stopped taking tickets of those associations. Did you at some time stop taking tickets? A. I did.

Q. I want to ask you what was the reason for stopping? A. To bring up to that question—

Q. What I am attempting to get at is what your experience with hospital associations was,—if you stopped because of your experience with hospital associations, or was it something else? A. Well, I have to answer it in my own way.

Q. That is just what I want you to do. A. When this

contract was signed and the representative of this institution called to see me, I told him I would consider
1510 servicing their contract but I would like to have an opportunity to talk to some of the others of the medical profession in the county; that I was sorry that they were entering into this type of medical service in this county because in the future it would undoubtedly produce some friction between the medical profession. So he said the contract would not be in action for about 30 days, so I told him the next time he returned to the county I would give him my answer.

So I spoke about this matter with some of my colleagues and told them what had happened, and that I had talked to this representative and that he said they—he said that this would not be the only contract they would service in the county, that they would make every attempt to put as many contracts in action as they possible could.

I also spoke to the management of this institution, that I was not a cheap doctor and that I would service their industrial contracts for injuries at the same fee as the State Industrial Accident Commission, and I would give them a reasonable fee for non-industrial injuries and medical service rendered to people who came in on the contract for illness, both in the hospital, at my office and house calls. They said that was very satisfactory.

So when he returned I told him I would service the contract.

So that was the beginning of my affiliation with
1511 lay hospital associations in Jackson County. That continued for three years, and of course in that three years or more their contracts had increased in numbers, and after about three years—

The Court: What was their first contract?

A. Well, it was what we called the Brownlee Olds Lumber Company. After three years or more—and they had been paying me fairly good compensation and they had the greater portion of the industrial employes coming to my office, they desired that I reduce my fees. They sent me a letter requesting that I take 33⅓ per cent off of the State Industrial Accident Commission fees for services rendered, industrial injuries that came under their contract.

Mr. Mareus: I move to strike that last remark as not the best evidence. If there is such a letter, it should be produced.

The Court: Motion denied.

A. I had that letter in my possession for some time, but it became lost. All my records have become destroyed. I have none. Knowing that I was retiring from the practice of medicine and knowing about when it would occur, I saw no reason for keeping them.

Well, I did not accept their request, but as time went on they were able to demonstrate to me they were placing into my office quite a large group of industrial em-
1512 ployes and other people that were ill and so forth and, so, as time went on I did break down and give them 20 per cent off the regular State Industrial fees, and I also made a reduction in my charges for house calls, office calls and hospital calls.

As time went on, and their contracts increased, they took other men into their service, and then within a certain length of time, possibly eight or ten years, both the Industrial and National hospital associations had under their contracts 80-odd per cent of the industrial employes and other employes of the county. So, under those circumstances, the medical profession were working under that type of contract practice and were subject to certain rules and regulations and fees laid down by the lay hospital associations so that, if such type of insurance and such type of practice had to continue in this county, we thought it would be wise—

Mr. Marcus: I object, your Honor. I don't quite understand what he means by the term "we." Are you referring to something you personally were informed of?

Mr. Jaureguy: I think you are right.

Q. Speak for yourself. Speak for yourself, in so far as you thought, not what somebody else thought. A. I made the statement, as time went by, after this lay hospital association had been operating possibly eight or ten years in the county and had a large group of employes and other people under their contracts, of my own opinion it
1513 would be wise for the medical profession to begin to organize a service bureau where we would have the right to service the employes in our county under our own profession, and, as a result of that opinion, we formed an organization called the Southern Oregon Medi-
1514 cal Service Association.

Mr. Jaureguy:

Q. After you informed that association did you continue taking tickets? A. After that was formed and, in operation I wrote a letter of resignation to both the National and the Industrial Hospital Associations that I would be glad to render service to their employees as private individual patients.

Q. Did that happen immediately after the organization of the Southern Oregon Medical Service Association? A. Well, I don't know whether it happened immediately, but within a period of a year or eighteen months, I think.

Q. And since that time have you taken tickets at any time? A. I have.

Q. Do you remember about how long after that you started? A. Well, I think possibly after the war I accepted some tickets. I had an understanding with—we came to the conclusion that it was a matter—

Q. It was what? A. I came to the conclusion it was a matter of an individual doctor deciding in his own mind what he desired to do. My affiliations with these institutions have been satisfactory. They were in business. I was in business. My relations with both the National and Industrial have been fair. They have treated me well. The only thing was that they undoubtedly as time went on have made a reduction in medical fees. We had to practice under their supervision.

1515 Q. Your refusal to take tickets, was that your own individual decision? A. Well, I thought that that was the proper procedure, that I had a perfect right to treat any individual that came into my office as a private patient whether he came with a hospital service ticket or not.

Q. Your refusal to take tickets, was that an exercise of that right on your part? A. Absolutely.

Q. Were you induced to reach that conclusion by any action of any medical society? A. My own action.

Q. Now, when the Southern Oregon Medical Service Association was formed was it intended that that should be a permanent organization? A. I think so.

Q. When the commercial hospital associations went down to sell contracts in your county there at the beginning or on later occasions did they consult you or other doctors before they sold your services? A. No, they didn't.

Q. When did you learn that they had brokered your services? A. I didn't quite get that.

Q. I mean when did you learn that they had gone out to broker your services? A. Well, just as I stated,
1516 in the first contract that they had written they went out and wrote a contract which was possibly binding on their part and on the part of the employer before they contacted any physician to find out whether they would service the contract. And I don't believe they ever asked any doctor in the county regarding the selling of contracts.

Q. Were your fees ever cut when you sent your bills in? A. I have already answered that.

Q. Oh, I missed it. I guess you did. Now this discount over the Industrial Accident fees, was that on cases that were under the Workmen's Compensation law which had been contracted to the hospital association, or were they cases not under the Workmen's Compensation law? A. If I remember rightly, they would write a full coverage contract in some cases whereby they paid for the medical and hospital service for injured people who were injured while employed. Not all of their contracts were of that type, but a few of their contracts were of what we call a full coverage. By a full coverage I mean that they paid for medical care and hospital care for industrial injuries as well as for illness and non-industrial injuries.

Q. Do you know whether any of those cases involved contracts between the hospital association and the State Industrial Accident Commission? A. I think that there must have been some relationship or some contract
1517 when they wrote the contract that they had a relation between the State Industrial Accident Commission and—

The Court: What do you claim, Mr. Jaureguy? That the hospital association made a profit off of those contracts they took with the State Industrial Accident Commission by paying the doctors less than they would have been paid by the State Industrial Accident Commission?

Mr. Jaureguy: Oh, yes. There is no question about that. That is shown by some of the exhibits, as well as the testimony: that if they had a contract the doctor would get the State Industrial Accident fee less a discount, and sometimes that discount in some counties was 25 per cent and sometimes it was one-third.

Mr. Marcus: I certainly challenge that statement of counsel with respect to any of the exhibits.

Mr. Jaureguy: Oh, yes. There are exhibits, your Honor.

The Court: You might just as well during the noon hour find one of those exhibits and let's get it into the case.

Mr. Jaureguy: It is in the case.

The Court: He disputes that it is. I want to ask one more question. Is it your claim that the state then, by adopting that device, was not out of pocket anything?

Mr. Jaureguy: No, I don't make any claim one way or the other on that. I don't know.

The Court: But the profit made by the hospital
1518 association was off the doctor?

Mr. Jaureguy: Some of it was, at least. Whether there was more than that, I don't know.

You may take the witness.

Cross Examination

By Mr. Marcus:

Q. Dr. Hayes, there have been some terms bandied about here this morning. I don't know whether you paid any particular attention to them or not. Counsel for the defendants talked to you about selling your services and brokering your services. Did you ever allow anyone to do that? A. Please give me that question once more.

Mr. Marcus: I wonder if the reporter would read it. I would rather save my voice.

(Last question read.)

A. Well, if I did it was through the lay hospital associations.

Q. I have asked you, Doctor, whether you have ever allowed anyone to sell your services. A. I have never given anybody written permission to sell my services.

Q. Do you regard the fact that a hospital association makes a contract with an employer who has employees who come to you that your services have been sold? A.

I would. I would say my services were sold if I
1519 were paid by the hospital association or the individual who wrote the contract.

Q. Is there any requirement on you, Doctor, to treat those patients under the contracts? A. Did you say was I forced to take those patients?

Q. Yes. A. No. No, I was not forced to take the patient under the contract.

Q. Just what do you understand by "selling"? Is a sale

an agreement, of some sort, a contract? A. Well, when the representative came to me and asked me if I would service the individual, why, that was an agreement.

Q. That was an agreement? A. That was an agreement.

Q. Now what do you understand by the term "brokering"? A. You will have to come a little closer. I don't hear you.

Q. What do you understand, Doctor, by the term "brokering"? A. By the term "brokerage"?

Q. Yes. A. Well, what I understand by the term "brokerage,"—I wouldn't know so much about the term "brokerage" in regard to medical care, but I understand the term "brokerage" if I was in the grocery business here as a broker and was having a representation of a national manufacturer of some goods, and I had the State of Oregon and the State of Washington. I would get brokerage
1520 for the sale of that portion of those goods if I sold to a distributor, and I would call that a brokerage.

Q. Do you understand that these hospital associations received a fee because of entering into these contracts whereby persons could treat with you? A. I understand that they couldn't exist if there wasn't a brokerage or there wasn't something in it. They wouldn't be in the business if there wasn't a profit in it.

Q. We are talking about brokerage, Doctor, and not about— A. What is the difference between profit and brokerage?

Q. You make no distinction between profit and brokerage; is that correct? A. I don't say that, but I say what is the difference?

Q. I am asking you, Doctor. A. Well—.

Q. I just understood you to say, Doctor, that your understanding of brokerage was if someone received something for selling the services of someone. A. That is right.

Q. You believe that these hospital associations received a fee for selling your services? A. Well, they charged a fee, anyhow, because they couldn't exist or couldn't operate if they didn't make a fee, and carry all the expenses. There is a certain amount—any institution that begins to do business must have some financial capital or
1521 some gain from somewhere to continue operating.

Q. But you don't really want to state, or you are not prepared to state, are you, Doctor, that these hospital associations received a fee because they sold your services? A. Well, they not only sold my services but they sold the services of the hospitals and druggists, and they un-

doubtedly are entitled to a certain compensation for their actions.

Q. I assume you would apply the same term to any prepaid medical care organization? A. I don't know what you are driving at.

Mr. Marcus: I am asking a question, Doctor.

The Witness: I think I have answered.

Mr. Marcus: Would you repeat the question?

(Last question read.)

A. That would be perfectly all right.

Q. Now Doctor, I believe you stated you have been a member of the Jackson County Medical Society and of the State Medical Society. A. Yes, sir.

Q. Have you held any offices in the Jackson County Medical Society? A. I have.

Q. Can you tell us the offices you have held and the approximate time during which those offices have been held? A. Well, I think you have got the record right there. I have been President of the Jackson County
1522 Medical Society. I don't remember what year. I have been President of the Southern Oregon Medical Society. I don't remember what year. I have been a councillor for the Oregon State Medical Society, but I don't know exactly what years. I was elected a vice-president of the Oregon State Medical Society, followed by being President-elect, and in 1947 and '48 I was President of the Oregon State Medical Society.

Q. Would you say that these offices you have held have been since January of 1936? A. No. I don't exactly remember when I first made a councillor of the Oregon State Medical Society, but I think as far as my vice-presidency and president-elect that was since 1936, yes.

Q. That would be true with respect to the local societies, would it not? A. I think the presidency of the local society was before 1936.

Q. When I said "local societies" perhaps I had better distinguish between the Jackson County Medical Society and the Southern Oregon Medical Society. Let's take them each separately. A. They are both separate, yes.

Q. I want to know whether you recall whether you held these offices with the Jackson County Medical Society since January of 1936? A. I think not.

1523 Q. What about the Southern Oregon Medical Society? A. That was before 1936, if my memory is correct.

Q. Have you been on the committees of the Jackson County Medical Society? A. I think so, but I could not describe to you when that was or what they were.

Q. Would you know that you were on any such committees since 1936? A. I don't think I could recall that.

Q. You couldn't say No? A. I couldn't say No and I couldn't say Yes.

Q. How about the Southern Oregon Medical Society? A. I don't think I have been on any committee for that society except when I was president.

Q. What about the State Medical Society? A. Well, I have held several—I have been on several committees of the State Medical Society. I couldn't tell you when, but it is all a matter of record and can be secured without any difficulty.

Q. It would be your belief, would it not, Doctor, you were on some of those committees since 1936? A. I think so.

Mr. Marcus: I am afraid you didn't hear that question.

(Last question read.)

1524 A. Especially with the State Medical Society, yes.

Q. Now Doctor, you would consider, would you not, that you have been rather active in medical society affairs? A. I think so. I did my best.

Q. Doctor, I will try to fix some periods of time now. You have testified on direct with respect to the action you claim on the part of I believe the National Hospital Association cutting down on your fees by a percentage. I believe in your case it was 20 per cent. Could you give us the approximate time when that occurred? A. Oh, I think that occurred between three and four years from the time that I first began to render service with them.

Q. It is not clear in my mind, Doctor, whether that experience was limited to the National? A. Well, my affiliations with the Industrial Hospital Association were very few. They never had nearly the volume of contracts in my county that the National had.

Q. Now Doctor, we have had testimony from Dr. Durno, who I believe comes from the same area you do, with respect to the formation of the Southern Oregon Medical Service Association, and I assume you were one of the doctors who collaborated with him in the formation of that association. A. That is right.

Q. I assume you have been friendly with Dr. Durno, have you not? A. I am.

1525 Q. Now Doctor, I understand you to say that you believe with respect to dealing with these hospital associations that properly is a matter for the individual doctor to decide? A. That is right.

Q. Doctor, were you one of the doctors who filed a complaint with the Jackson County Medical Society against Dr. Sweeney because of his associating with these hospital associations? A. I did.

Q. That complaint was signed by you and Dr. Durno? A. That is right.

Q. And just by you two; is that true? A. I think that is all.

Q. Doctor, you have testified with respect to the growth of the business of hospital associations in your particular area, have you not? A. I have.

Q. Doctor, how do you feel about competition? A. I didn't quite understand that question.

Q. I would just like to have you express your opinion about competition. Do you think it is a good thing or a bad thing? A. I think competition is a good thing. We see no objection to it if they follow certain rules and regulations and ethics.

Q. Do I gather, then, that you have added a qualification; that is, competition should conform to medical ethics?

A. That should be the proper procedure if they
1526 want ethical medical men to service or to work for them.

The Court: Put in Dr. Hayes' preparation there, his schooling.

Mr. Jaureguy: He has testified to his schooling: The University of Oregon Medical School and St. Vincent's Hospital, internship with St. Vincent's, and then he went to Sherman County, then he came to Portland, and then he went to Jackson County.

Mr. Marcus:

Q. You feel, Doctor, that medical ethics—perhaps I had better ask you whether when we talk about medical ethics we are speaking about the principles of ethics of the American Medical Association? A. Well, I think it would go back farther than that. Medical ethics was established before the American Medical Association, I believe, was ever established, a certain amount of it.

Q. They have issued principles of ethics, have they not? A. Yes.

Q. And those principles of ethics are supposed to be conformed to by the component and constituent associations and the individual members; is that not so? A. Well, we can have all types of rules and regulations, but completely following them out 100 per cent has never been followed out.

Q. Doctor, let me ask you this: You say you were a charter member of the Jackson County Medical
1527 Society. Does the constitution or the by-laws of that society refer to the principles of ethics of the American Medical Association? A. I can't answer that question because I haven't the by-laws in my head at the present time.

Q. Do you think it would be likely that they would? A. I think it would be likely, yes, that they should be, a certain portion of them.

Q. Now Doctor, do you understand or do you believe, then, that if these principles of medical ethics say it is unethical for doctors to compete with one another that is an area where competition is improper? A. Where competition is improper? Well, that might have been the foundation, but it has never been followed.

Q. I am just asking you whether you believe that that is an area where under principles of medical ethics competition would be improper.

The Court: What section of the code are you referring to?

Mr. Marcus: In those principles, your Honor—we put them in evidence—there is reference to contract practice of medicine.

The Court: I know, but you are talking about forbidding competition.

Mr. Marcus: That is correct.

The Court: What section of their code forbids
1528 competition in those terms?

Mr. Jaureguy: I would like to know that too.

Mr. Marcus: With your Honor's permission, after recess I will—

Mr. Jaureguy: I will challenge it and say it is just the opposite in the code of ethics.

The Court: All right. We will take a recess until 2:00 o'clock.

(Noon recess.)

1529 AFTERNOON SESSION

Court reconvened at 2:00 o'clock P. M., pursuant to recess.

JAMES C. HAYES, a witness in behalf of Defendants, resumed the stand and testified further as follows:

Mr. Marcus: Your Honor, this morning you asked me to refer you to the section of the Principles of Ethics of the American Medical Association which had to do with contract practice, and it is Article 6, Section 3, and that is contained in Exhibit 2. That says in part that "Certain features or conditions, if present, make a contract unethical."

The Court: He wants to hear you, the witness.

Mr. Marcus: "Certain features or conditions, if present, make a contract unethical, among which are"—and then I am reading from No. 4—"when there is interference with reasonable competition within a community."

The Court: Do you want him to read the rest of it before he begins the examination on this?

Mr. Jaureguy: No, I think not. That was our contention this morning, that there should be reasonable competition.

Cross Examination (Continued)

By Mr. Marcus:

Q. Doctor, is it your understanding that under the principle I have just read it was unethical for Oregon
1530 doctors to deal with these hospital associations? A. Under the original rules and regulations the American Medical Association objected and frowned on those men who rendered service for the hospital associations for the reason that there was a third party that was associated with that type of service instead of the physician having direct contact with his clientele.

Q. So your answer is Yes to my question as far as those principles are concerned? A. I don't believe there is anything unethical about competition in the practice of medicine, because wherever you practice medicine where there are a number of physicians there is bound to be competition. The individual has the right to go from one doctor to another according to his own desire.

Q. Yes, but, Doctor, the question I asked you is whether or not under those principles I have read was it unethical for doctors to associate themselves with hospital associa-

tions? A. Well, I believe at the time the hospital associations were organized and began practice, under my opinion and interpretation, it was unethical for the medical profession to associate themselves with a hospital association.

Q. And that was the interpretation given by the Medical Society in Oregon, was it not? A. I don't want to answer that question.

Q. You say you can't answer that question? A.
1531 I don't know whether I have ever had that interpreted to me from the Oregon State Medical Society or any local medical society.

Q. Are you familiar with the publication known as the Medical Reporter? A. No.

Q. You heard it mentioned this morning? A. I don't think I remember of it ever being in my office, the Medical Reporter. We have had what we call the Northwest Medicine, and the Bulletin which is gotten out by the Multnomah County Medical Society, the American Medical Association's Journal, and many other journals.

Q. Well, is your answer that you do not know or you do not think so? A. Regarding the Medical Reporter?

Q. Regarding whether or not the State Medical Society has so interpreted the principles of ethics as to make it unethical for Oregon doctors to associate themselves with hospital associations. A. Not to my knowledge.

Q. You say not to your knowledge? A. No, sir.

Q. Now, Doctor, I show you Exhibit 22 and ask you whether this is a copy of the complaint you and Dr. Durno signed and filed with the Jackson County Medical—

1532 The Court: I am sure that that may be stipulated, that it is a copy.

Mr. Jaureguy: Yes.

Mr. Marcus: You see, it has no signatures, your Honor.

The Court: It is stipulated. Counsel can bind him.

Mr. Jaureguy: There is one with signatures on, I am sure, in evidence.

The Court: What?

Mr. Jaureguy: I thought there was one with signatures in evidence.

The Court: Anyhow, deal with that in stipulation.

Mr. Jaureguy: Yes. I stipulate that fact.

Mr. Marcus:

Q. Doctor, is the boycott by doctors in the Medford area against these hospital associations still continuing? A. No.

Mr. Jaureguy: I object to that word "boycott." The witness didn't testify to any boycott.

The Court: It is a pretty common word now.

Mr. Jaureguy: Common and much misused.

The Court: Named after Captain Boycott.

Mr. Marcus:

Q. You said No? A. I said No.

Mr. Marcus: I would like to have this marked.

(Letter by James L. Hershaw to United States Attorney, dated January 23, 1950, was thereupon marked for
1533 identification Plaintiff's Exhibit No. 2059.)

Mr. Jaureguy: I object to any questions being addressed to this witness on the basis of that letter. That is a letter between third persons.

The Court: Let me see it.

Mr. Jaureguy: The United States Attorney is the addressee of it.

Mr. Marcus: Your Honor, that letter was turned over to me by the United States Attorney.

Mr. Jaureguy: I don't doubt that.

Mr. Marcus: And Dr. Hayes has just testified there is no boycott going on there at present.

Q. Doctor,—

Mr. Jaureguy: Just a moment. I would like a ruling.

The Court: Wait a minute. I will rule. Go ahead with your question.

Mr. Marcus:

Q. Doctor, I'd like to read this letter to you and then ask you—

The Court: No. There is no sense to that—excuse the word. I have a lot of letters out here about you fellows—

Mr. Marcus: But, your Honor—

The Court: Listen to me. I have got a lot of letters I have received during this trial about you Government lawyers and about the defense lawyers—don't put your head down—look and listen to me. It would be just as
1534 pointless for me to bring all of that out here and dump it into the courtroom as for you to read letters here by some unknown person to the United States Attorney about this case.

Mr. Marcus: May I ask—

The Court: Ask the question, but there is no point to your reading the letter whatever.

Mr. Marcus: I was just going to ask if I could have the witness read this letter himself.

The Court: Why does he want to read it?

Mr. Marcus: Because I want to ask him a question about the boycott.

The Court: What has the letter to do with it?

Mr. Marcus: Unless I read the letter to him I can't ask him—

The Court: He has a letter there which says there is a boycott. Now he wants to know if you want to change your answer.

A. I do not want to change my answer.

Mr. Marcus:

Q. Now, Doctor, do you know whether Dr. Lemery down there accepts tickets of the hospital associations? A. I do not.

Q. Do you know whether Drs. Kanzler or Sleeter accept hospital association tickets? A. I do not.

Q. Do you know whether the Medford Clinic down
1535 there accepts hospital association tickets? A. I do not.

Q. Now, Doctor, I believe you stated this morning that you have been rather active in Medical Society affairs. Now, has that been true with respect to prepaid medical care and contract practice questions which have come up in those societies? A. I think so.

Q. You have? Now, Doctor, I believe you made reference to the Southern Oregon Medical Service Association—that is the same association which Dr. Durno referred to. Now, what was the purpose of forming that organization? A. The purpose of forming that organization was for the medical profession in that community to protect their own interests.

Q. Well, what do you mean by that, Doctor? A. I mean just exactly what I said.

Q. It wasn't for the purpose of destroying the hospital associations? A. Answer me that question once more.

Q. It wasn't for the purpose of destroying the hospital associations? A. No. It was for the purpose of protecting our own interests.

Q. Doctor, I am reading from Plaintiff's Exhibit 947,

which is the minutes of a meeting of the Jackson County Medical Society, February 19, 1936.

1536 "Dr. Hayes stated that the organization of the Southern Oregon Medical Service Association was defense medicine, that we were forced to do it to destroy the lay-owned organizations."

Is that or is that not true? A. That may have been true.

Q. Then it was true that that organization of yours was formed to destroy the other associations? A. I had a right to make that opinion and make that statement as well as I have a right to be in this court. That is my personal opinion.

Q. You made known that opinion to your society and to the State Society as well, did you not? A. I don't know about the State Society.

Q. Maybe this will refresh your recollection. Reading from Government's Exhibit 298, minutes of the Council of the Oregon State Medical Society for May 2, 1936:

"Dr. J. C. Hayes of Medford expresses approval of the Council ethics to maintain the principles of medical ethics. He stated that the Southern Oregon Medical Service Bureau had been organized to destroy the lay-controlled hospital associations and that every member of the Jackson County Medical Society was eligible to affiliate. Dr. Hayes stated that an attempt had been made to get all members of the Jackson County Medical Society to
1537 refuse to serve the commercial hospital associations and that if this objective could be accomplished the members would drop their own hospital association organization."

Does that refresh your recollection as to having made that statement? A. Yes, sir.

Q. Now, Doctor, you were on various committees of the State Society which had to do with formulating the policies of the State Medical Society with respect to prepaid medical care and contract practice of medicine, were you not? A. I was on a committee, I believe—whether it was in '36 or '37, I don't know exactly which—to bring in a report after careful study to the Oregon State Medical Society regarding prepaid medical care.

Q. Well, in the course of your work on these committees did you not have occasion to examine the principles of ethics of the American Medical Association? A. I did.

Q. And didn't your committee and you yourself attempt to evaluate those principles in the light of prepaid medical care in Oregon? A. Well, I don't know how much evaluation we gave to them.

Q. You certainly considered them, did you not? A. Yes, but there had been such an extensive amount of prepaid medical care going on in the State of Oregon
1538 it was up to the medical profession to organize their own organization to protect their own interests.

Q. Doctor, you have made rather consistent efforts, have you not, to destroy these— A. I am either hard of hearing or you are a little weak, I don't know which, but I don't hear you distinctly.

Q. That is probably the fault of my voice, Doctor. Doctor, you have made rather consistent efforts, have you not, to get rid of these lay hospital associations? A. I don't think so. I have tried to get them to correct their ways.

Q. And you made rather consistent efforts to persuade others to do likewise? A. I don't think so.

Q. You don't think so? A. I might have made some, but not persistent.

Q. You might have made some? A. Yes.

Q. Well, I call your attention to Exhibit 2016, which is a letter dated August 26, 1940, from you to Dr. Hunt, and that states:

"We are going to try and bring as many of our physicians as we can from Jackson County to Eugene for the Oregon State Medical meeting, and we would appreciate very much if on Thursday afternoon we could have
1539 a meeting with the Board of Medical Economics and with as many of the Council present as possible to discuss our situation here in Medford on the question of the low-wage income group and the type of medical service we are offering them. We may be able to explain our situation, and I would like if possible a good representation of members of the Council present so that we might instill in the minds of some of the weaker members in this district the necessity of organized medicine, and we should try and follow the principles and practices laid down by the Oregon State Medical Society and the American Medical Association. Please give this your consideration. I am mailing a copy of this letter to Mr. Clyde Foley of Portland so that he may speak to any of the councillors he possibly may meet before the State meeting."

Well, that is at least one instance where you tried to persuade others, is that right? A. Well, that might be right. That is a good, sound, sensible letter I think. I don't see anything wrong with it.

Q. And you are not inclined to repudiate the letter, are you? A. No, sir, I am not.

Q. Now, Doctor, have you had any official connection with the Oregon Physicians' Service? A. I have.

Q. And could you tell us what that has been?

1540 A. Well, the Southern Oregon Medical Service Association was finally taken over by the Oregon Physicians' Service, and following that, why, we did a good deal of work for the Oregon Physicians' Service, or those employees that came under that contract.

Q. Well, I have asked you, Doctor, whether you yourself had any official connection with OPS. A. The only business connections I had was when I was President of the Oregon State Medical Society I was supposed to attend the meetings when they were held after or before the Council meeting. I had the privilege and honor of being President of being at Board of Directors meetings when I could attend.

Q. Then, is it customary for the President of the Society to attend meetings of the OPS? A. I think so.

Mr. Marcus: That is all, Doctor.

Redirect Examination

By Mr. Jaureguy:

Q. I am not sure I understood, Doctor, the difference in your mind between a commercial hospital association brokering your services, as was explained by you—

The Court: I wouldn't go into that any more. That is argumentative. I have let it in on both sides, and

1541 I think it is "even-Steven".

Mr. Jaureguy: Yes. That is all right.

The Court: Why don't you let him go? He has been under strain here and this has been rather hard.

Mr. Jaureguy: Yes, unless the Commander has something important here.

(Witness excused.)

Mr. Jaureguy: Dr. Inskeep.

1542 DR. LORENZO DOW INSKEEP was thereupon produced as a witness in behalf of Defendants and, being first duly sworn, was examined and testified as follows:

Direct Examination

By Mr. Jaureguy:

Q. Would you give us your name, Doctor? A. Lorenzo Dow Inskeep.

Q. And where do you live? A. Medford, Oregon.

Q. And how long have you lived there? A. Since 1926.

Q. And what is your business or profession? A. Physician and surgeon.

Q. You have been a physician and surgeon how long? A. I graduated from the University of Oregon Medical School in 1925.

Q. And then did you take an internship? A. Letterman's General Hospital, United States Army, San Francisco, California.

Q. Then where did you go? A. Medford, Oregon.

Q. And have been there ever since? A. Yes, sir.

Q. Practicing your profession? A. Yes, sir.

1543 Q. Do you occupy any position, official position, with the State of Oregon? A. I am a member of the Oregon State Board of Health and this year I am President of the State Board.

Q. How long have you been a member? A. Seven years.

Q. Do you belong to any medical societies? A. I belong to the Southern Oregon Medical Society and the Oregon State Medical Society and the American Medical Association.

Q. And how long have you belonged to those medical societies? A. Since about 1927.

Q. All of them? A. I believe so.

Q. Now, did you ever take care of patients of commercial hospital associations?

Mr. Marcus: Your Honor, I would like to make the same objection that I have made with respect to Dr. Durno and the other doctors at this time.

The Court: The ruling will be the same. The evidence will be admitted subject to counsel's objection.

A. I have taken care of them, and I do not at the present time.

Mr. Jaureguy:

Q. And how long since you have not? A. About twelve years.

Q. And does that mean that you don't treat the
1544 patients? A. I take care of the patients, yes, sir.

Q. Then how do you handle the situation? A. Charge them private fees and they pay me.

Q. Give them itemized statements? A. Yes, sir, if they so ask.

Q. And you give them whatever they ask for? A. Yes, sir.

Q. And why did you quit working for or taking tickets of commercial hospital associations? A. Because of two things: One, interference with my method of treating my patients; and the second reason was because they consistently gypped me on fees.

Q. Well, can you give us a little history of your experiences in those respects? A. I began to work for National Hospital Association in 1928, joining a closed panel on the death of Dr. Robert Conroy. The panel was composed of Dr. Hayes, Dr. J. J. Emmens, Dr. F. G. Thayer and myself.

I worked for the National Hospital Association, or rather took tickets from them in lieu of direct payment from the patient, for a matter of ten years. Practically all my bills were subjected to at least 20 per cent discount, some as much as 50 per cent, and especially some of the State Industrial Accident Commission re-insurance fees were cut
50 per cent. I have one here to show. And some of
1545 them were refused outright for payment.

Q. What do you mean, the State Industrial Accident Commission fees were cut 50 per cent? A. Men injured under contracts protected by the State Industrial Accident Commiss. on, as to them the Commission reinsured the medical and hospital expense with the National Hospital Association. Bills were rendered to the National Hospital Association at State Industrial Accident Commission rates, and they took discounts from the published State fees of anywhere from 20 to 50 per cent. In some cases they refused to pay at all and pocketed the damn fee. Excuse me, your Honor. I am kind of excited.

The Court: You are mad.

A. Yes, a little bit.

Mr. Jaureguy:

Q. That is what you would call retrospective anger, isn't it? A. That is why I quit working for them.

Q. I am handing you Defendants' Exhibit 2512 and Defendants' Exhibit 2513. I will ask you if one or the other, or both, of those involve cases we have just been referring to? A. 2512 involves the case of an employe of the California-Oregon Power Company who was injured, whose responsibility was that of the State Industrial Accident Commission. His name was Albert Jones. The bill was rendered to him—to the National Hospital Association, I mean, at State Industrial Accident Commission rates. The bill came to $156.00, and the National Hospital Asso-
1546 ciation, through W. J. Page, wrote me the following letter:

"We call your attention to the statement you presented to us for care of Albert Jones, an employe of the California-Oregon Power Company.

"It is noted that you have charged us for practically daily treatments from September 8th to December 19th, inclusive. Due to this patient's condition and the fact that there was little that could be done for him in the way of actual treatment other than rest and elevation of the parts, we feel that your statement is considerably in excess of what it should be.

"In this connection we call your attention to Dr. Sabin's letter of January 11th addressed to you, copy of which we received.

"We appreciate that the patient required observation over a long period but as to actual medical service it would appear that his condition was such that little could be done.

"We accordingly request you consideration of a very substantial reduction in this account."

I then wrote to the National Hospital Association, Attention W. P. Page, Office Manager, that I was willing to give that discount on the bill. I said:

"I wish to advise that I do not feel that I can give
1547 much of a cut on this bill.

"This case required a great deal of time and attention. Not only was Mr. Jones desirous of attention but Mr. Phthian of the California-Oregon Power Company called me on the telephone several times, requesting that this man be given the best of care. I endeavored to give

this man the best service I could and I believe I did so. The amount of my bill rendered your association was $151.00; from this amount you may deduct $25.00 and send me your check for $126.00."

This was a man who was injured on the job and under State Industrial Accident Commission care.

Then Mr. Bechtold, General Manager, wrote me under date of March 31, 1932:

"With reference to your charge in the case of Albert Jones, regarding which you have had some correspondence with Mr. Page, I have carefully gone over this case and feel very definitely that a fee of $75.00 should be fair for your services.

"It is true that the man was under you care for some time but his condition was such that there was little to be done, excepting to visit him in the hospital. During normal times we might feel a little differently about it, but you must realize that the association is being very seriously affected by the present depression.

1548 "We are therefore reducing your bill as above stated and trust this will be satisfactory with you."

I accepted the check for $75.00. Then, a little bit later—I was continuing to take care of this man. As a matter of fact, the man became totally permanently disabled and lived for a matter of more than ten years in Medford, during which time the National Hospital Association refused to acknowledge any liability for his case and I cared for him as a charity patient.

I want to read you another letter from Mr. Page:

"Enclosed with your April accounts we note a bill for care of Albert Jones, an employe of the California-Oregon Power Company who was injured in September of 1931.

"In checking through our records we find we paid a flat fee for this man's care and consequently would not feel justified in assuming a further charge. It is our understanding that the calls for which you have recently made a charge have involved very little in the way of treatment and have been confined mostly to advice to the patient.

"We believe if you will review your records you will find that this account has been paid."

Yes, they paid in advance for a period of ten years and I took care of him as a charity patient.

1549 Q. The original charge you said was $156.00. That was that State Industrial Accident Commission rate? A. Yes, sir.

Q. Did you regard it as a serious case? A. It was serious enough so that Dr. Hayes, who just testified, was called in consultation. In this case the correspondence will show, the letters here show he was examined in Portland by Dr. Sabin at the request of Mr. Bechtold. The case was so serious that the man became totally and permanently disabled from doing any work.

The Court: What was the nature of his injury?

A. He received a multiple fracture of the foot and leg and developed a phlebitis, not only in the veins of the leg but in the veins of the pelvis, and was unable to bear weight on his foot for a matter of ten years or more.

Mr. Jaureguy:

Q. Exhibit 2513 is the next exhibit I have shown you.

Mr. Marcus: I wonder if I could have that?

A. This is in regard to the National Hospital Association interference in the treatment of any medical case. It is in regard to L. E. Ross. The first letter was from the National Hospital Association, May 16, 1933.

"We have received your statement dated May 3rd covering treatment rendered L. E. Ross of the Timber Products Company during the months of March and April.

1550 "It is noted this patient was treated eight times during the month of March and since it is our understanding that the only treatment he received is insulin shots, we are wondering about the necessity for so much care as we thought the patient could use the insulin himself.

"The Association of course wants this man to have the care that he requires for his condition but in furnishing the insulin for him and paying for its administration, it makes it quite an expensive case for us particularly since he will require this treatment over a long period.

"We would appreciate a report from you as to the necessity for the treatment this patient received."

My answer to that, written May 18, 1933, is as follows, to Mr. Page:

"In respense to your letter of May 16 as to the treatment Mr. Ross receives at my office, it may interest you to know

that because of careful and intensive treatment his insulin dosage has been reduced from 75 units to 26 units per day, which means a very great saving to you in the cost of insulin supplied to him. Mr. Ross does not come to my office for insulin shots but comes each time for urinalysis, which is done in the office at no extra cost, and for careful
1551 check on his weight and diet, and the amount of insulin taken.

"Mr. Ross' weight has been successfully reduced from 224 lbs. to 179½ lbs., while still taking sufficient nourishment to work each day. If it is not in your interests to treat this man to the very best of my ability, and reduce the insulin as much as possible, please inform me of this fact and I will not see him again."

Q. Now, those two exhibits, are they isolated instances of cutting of fees or isolated instances of telling you how to take care of patients? A. No, sir, I believe you have an enormous file showing practically every bill over five or six years has been discounted, every single itemized statement, with very few exceptions.

Q. I hand you Exhibits 2514 to 2566 and ask you if those are instances of cuts in your bills? A. Yes, certainly they are, sir.

Q. How did you arrive at the amounts of bills you rendered? A. That was a difficult thing, because this National Hospital Association refused to publish a fee schedule.

Q. That is, prior to 1940? A. I believe so, and I didn't work for them at that time. They orally told you that you could charge a fee of $2.00 for the first visit and a dollar for the second visit and so on, and then proceeded to take discounts off of the very low amounts that they
1552 allowed you.

I have here many, many months' and years' statements showing practically every item for every individual treated, which was discounted, and the bills here show the original amounts for which they were billed at a very low fee schedule and the net discounts that were taken and the amounts that were paid to me following that. Some of the discounts run 20 per cent, some 33⅓—they run as high as 50 per cent.

Q. Then, with respect to your other complaint, or your other reason for terminating your practice of taking tickets—you have already given an illustration of interference and so forth, but was it necessary for you to get permission to operate, or things of that kind? A. Oh, yes. You had

to get permission to operate. They asked me on the telephone, "Do you know what you are doing?" and so forth. In one instance that I remember I operated on an acute gangrenous appendix on a Sunday and they gave me Hail Columbia because I had waited until Monday to call them up to get permission.

Q. Were those cases where there was doubt as to coverage? A. No, they were cases where they was some doubt as to procedure. These companies had 100 per cent of their employes covered at that time. They had paid on a payroll withholding, so that there could not be anything but 100-per cent coverage.

Q. You have given us your reasons for not taking tickets. Did the medical societies, any of them, in any way
1553 try to influence you not to take tickets? A. No, sir.

Q. As I understand, that was your own individual choice? A. I believe I have a right to work for whom I please and for what wages I please. I talked with Mr. Bechtold in my office in regard to this and told him I didn't think I was being treated fairly; I didn't think the advantages of medicine were being given to the patients because of Mr. Page's insistent interference in the doctor-patient relationship; I did not feel I was being adequately compensated for the work I was going to do for them. I told Mr. Bechtold I didn't believe I would any longer accept his tickets, and since that time I have not.

Q. I don't remember whether you told us when you first started working for the hospital association? A. 1928.

Q. When hospital associations would go down into Jackson County and sell the services of Jackson County physicians, did they first get permission from the physicians to sell those services or did they sell them first and get—and then get somebody to service the contract? A. They sold them first.

Mr. Marcus: I am going to object to that issue; if that is going to be an issue, I will have to go into it at length. It is just superfluous.

1554 The Court: Unless you are going to follow Mr. Jaureguy's repetition.

Mr. Marcus: That is what I am referring to, your Honor.

The Court: You and I both understand with respect to how that works.

Mr. Marcus: If it is left in the record, if the witness is going to answer "Yes" then I have to pick it up from there.

Mr. Jaureguy: I intentionally left out the expression

"broker" because I understood that was repugnant to Counsel, and used a different expression.

Mr. Marcus: The other expression is also repugnant.

The Court: As long as you understand what is meant, I am not sensitive about the way he put it.

A. May I make a statement in this regard?

Mr. Jaureguy: Yes.

A. To representatives—

Mr. Marcus: I would like to object to his making a statement on that because again we are going into a lot of collateral issues.

The Court: Well, what I am worried about is your voice. Go ahead, Doctor.

A. Representatives of the companies, of the Industrial and National hospital associations, after they had written a contract, would come to the office and say, "Here it is, Boys.

We have got it all set up. You have got to take care
1555 of it at our rates."

Mr. Jaureguy:

Q. Suppose you would not?

Mr. Marcus: Are you speaking for yourself? A. I am, yes and for Furrer and Bechtold both.

Mr. Jaureguy:

Q. Suppose you said you would not take care of it? A. I did, finally.

Q. And for the reasons you have stated? A. Yes.

Mr. Jaureguy: You make take the witness.

Mr. Marcus: I am going to have to call for a number of your documents.

The Court: Do you want to take your time now to do that rather than five minutes from now? Do you want to take the time now to look them over?

Mr. Marcus: I would appreciate a recess, also, because of my voice.

(Recess.)

Cross Examination

By Mr. Marcus:

Q. Doctor, I would appreciate it if you would talk more

slowly in answering my questions. I cannot talk today as I am accustomed to talk.

On direct examination you referred to "hospital associations" at one time and then to the "National Hos-
1556 pital Association." Were your remarks directed to the National Hospital Association or to all hospital associations? A. The National Hospital Association had most of the contracts in Jackson County, there being I believe only one contract held by the Industrial Hospital Association. My remarks refer chiefly to the National Hospital Association.

Q. They do not refer, then, to either the Prudential or the Industrial Hospital Association? A. They do not refer to the Prudential. I never had any occasion to do any work for them. I have had occasion to do a little work for the Industrial Hospital Association, after they lost the California Oregon Power Company contract through this Jones case.

Q. The remarks you made on direct were not directed to either of those two associations but merely to the National Hospital Association? Is that not correct? A. The correspondence that I read was from the National Hospital Association.

Q. I would like to get an answer to that question. I realize you read from correspondence with the National Hospital Association, but you also made some general remarks and— A. The general remarks may be taken to include the Industrial Hospital Association.

Q. I gather from what you have said that there is
1557 no question but that you are continuing to boycott these hospital associations?

Mr. Jaureguy: I object to the word "boycott."

The Court: That is his word to balance off your word "broker."

Mr. Jaureguy: Yes, but if I quit eating meals at a restaurant because I ate a fried earwig, I suppose he would be saying I was boycotting that restaurant.

The Court: Fried?

Mr. Jaureguy: Stewed, I think it was.

The Court: These Eastern people probably don't know what an earwig is.

Mr. Jaureguy: No.

Mr. Weinstein: I was just going to ask.

(Question read.)

Mr. Jaureguy: I think you overrule my objection.

A. I don't know that I have boycotted them. I just ceased working for them.

Mr. Marcus:

Q. You said the remarks you have made generally apply to Industrial as well as to the National. You were one of the doctors, were you not, who, in 1941, wanted to get on the Industrial Hospital Association list? A. No. However, you will find my name on a list, recommended to the California-Oregon Power Company, because of the fact that it was, I think, recommending every doctor in Jack-
1558 son County.

Q. Did you make any strenuous efforts to have your name expunged from that? A. I would say No. I didn't make any effort to put it on, either.

Q. You knew it was on, didn't you? A. I knew it was on.

Q. You said something about hospital associations not having fee schedules until 1940. A. Yes, sir; at least not until 1938 when I quit working for them.

Q. You do not necessarily agree with counsel for the defendants when he said not until 1940? A. I don't know when it was put out. I never received one in my entire practice of medicine.

Q. From any hospital association? A. I said from the National Hospital Association and Industrial. They are the ones we are talking about, sir.

Q. I show you Exhibit 522 and ask you to look at that and see whether that refreshes your recollection. A. My dear sir, this occurred the year after I ceased working for them. The date of that letter is 1939.

Q. I asked you to look at this letter and asked you whether this refreshes your memory as to whether you ever received— A. My secretary might have, sir, but, if so, she threw it in the wastebasket.

Q. Your secretary may have received it? A. My
1559 secretary opens all my mail, sir.

Mr. Marcus:

Q. Now Doctor, I would like to retrace with you for a little while that Jones case. The first letter in this sheaf of correspondence is a letter from National to you in which it refers to the Jones case and one other case who were in the Sacred Heart Hospital under your care, and asking for a current conditional report on these cases. Did you have any quarrel with that? A. No, progress reports are a normal part of all industrial cases.

Q. Then the next item is a letter from you giving the progress report, and the next letter is a letter from you to National dated November 5th, in which you again advised of the progress of Albert Jones and stated that you called Dr. Hayes in consultation in the case.

The next item is a letter dated November 3rd, which apparently preceded your letter, asking about the progress of Mr. Jones. That is a letter from National.

Then there is a letter from you to the State Industrial Accident Commission dated October 17, 1931, stating the progress of Mr. Jones. That was apparently in response to a letter from the State Industrial Accident Commission dated October 14 asking about the condition of Albert Jones, who apparently had put in a claim.

Then there is a letter from you to the State Industrial Accident Commission dated December 5th, 1931, explaining at some length concerning the treatment and con-
1560 dition of Mr. Jones, and ending up by stating that if it was the Commission's desire to have Mr. Jones looked over by a local board in Salem you would be glad to see that he was put on the train.

Then there is a letter from you to the National advising that the State Industrial Accident Commission had been requested to send for this man, Mr. Jones, in order that he might be examined by their physician.

Now, I have gone through about half of that correspondence. So far do you find anything objectionable in so far as the National Hospital Association is concerned? A. No.

Q. Then we have a letter December 7, 1931, from the National to you setting forth that it was their understanding that you expected to have Mr. Jones referred for examination by the physicians of the State Industrial Accident Commission, and stating they would like to know if the Commission has examined the patient. I gather there is nothing objectionable about that? A. No.

Q. Then there is a letter from the State Industrial Accident Commission to you stating that your letter concerning the condition of the above named claimant has met with the attention of the Commission and the National Hospital Association has been requested to see that the claim-
1561 ant is given the necessary treatment.

Then there is a letter from Dr. Sabin. Were you acquainted with Dr. Sabin? A. I don't believe I ever met the man. I have corresponded with him a number of times.

Q. To your knowledge what connection did he have, if

any, with the National Hospital Association? A. Well, I believe he was their salaried consultant.

Q. This letter states that Mr. Jones had come to the hospital about two weeks ago for examination, and that the history of the case was rather peculiar, but he thought conclusive enough to make a diagnosis. Then he sets out his diagnosis, and he states that "In view of these facts there is, of course, very little to be done in the way of treatment. We have kept this man recumbent and he has improved somewhat. We will probably return him to his home in the near future, when he will come under your care again."

The Witness: What was the date of that letter, please?

Mr. Marcus: That is January 11, 1932.

Q. Now did you disagree with the diagnosis or do you recall whether you disagreed with that diagnosis? A. Not disagreed with the diagnosis. I would like, however, to point out that this letter and examination followed his period of hospitalization at Medford and followed the period of time for which my bill was rendered.

1562 Q. Doctor, I don't believe I have skipped any item thus far. I would be glad to have you look and see. A. Just continue. You will come to it.

Q. If it is in here we will come to it, but thus far there has been no reference to compensation.

Now, the next item is a letter from the National Hospital Association to you dated January 16, 1932, referring to Albert Jones, and stating that as to the treatments you have billed for in this case they seem rather extensive, and that they would like to have further information as to what method of treatment was used each day in your care of this case. "It is also noted in your statement that you have billed us for hospital visits on December 18th and 19th, whereas the patient entered St. Vincent's Hospital here on December 18th, A.M. May we have a complete report as to the form of treatment used."

Then the next letter is one from you to the National Hospital Association, January 19th, 1932: "Replying to your letter of January 16th, 1932, regarding the case of Albert Jones, I wish to say that through an error you were billed for hospital visits for Mr. Jones on December 18th and 19th. We have deducted this charge from your account."

Now, stopping at that point momentarily, do you think it was improper for the hospital association to question

your bill with respect to those two days for which
1563 you had billed them? A. No, entirely proper.

Q. Then you go on to state that regarding the treatment given this individual on two different occasions casts were applied to his injured foot, and that at the insistence of someone connected with the California-Oregon Power Company you had seen the patient twice daily, but that you had made only one charge each day for the services rendered.

Then we have a letter from the National Hospital Association dated March 1st, 1932, in which they stated that they called your attention to your statement with respect to Albert Jones, and that they noted you had charged them for practically daily treatments from September 8th to December 19th, and that "Due to this patient's condition and the fact that there was little that could be done for him in the way of actual treatment other than rest and elevation of the parts, we feel that your statement is considerably in excess of what it should be. In this connection we call your attention to Dr. Sabin's letter of January 11th addressed to you, copy of which we received.

"We appreciate that the patient required observation over a long period, but as to actual medical service it would appear that his condition was such that little could be done.

"We accordingly request your consideration of a very substantial reduction in this amount."

1564 Then you wrote on March 7th, 1932, to the National stating that you did not feel you could give much of a cut on the bill; that the case required a good deal of time and attention, and you again referred to this representative of the California-Oregon Power Company wanting you to give the man special attention. And you suggested that from the amount of your bill the National Hospital Association might deduct $25.00 and send you a check for $126.00.

They replied to you stating that they felt very definitely that a fee of $75.00 would be fair for your services.

And the next letter deals with X-rays of (patient) of which they raise a question in this wise. "As this case was not reported as a fracture it would seem that this is a rather unusual number of X-rays for the condition from which the patient suffered, and will you kindly advise as to the necessity of such extensive X-ray work."

Then you wrote on May 25, 1932 to National explaining why you took four sets of X-rays.

Now, do you think it was improper for the Association

to ask you to explain as to the number of X-rays that had been taken? A. Well, if they didn't trust my judgment they certainly could ask for an explanation. Of course, four sets in eight or nine months is not excessive, September, August to May.

1565 Q. They said, "As this case was not reported as a fracture it would seem that this is a rather unusual number of X-rays for the condition from which the patient suffered, and will you kindly advise as to the necessity for such extensive X-ray work."

Then on May 13, 1933 there is a letter to you from National in which they noted that you had sent them a bill for care of (patient) in which they state that they had paid a flat fee for this man's care and consequently would not feel justified in assuming a further charge.

Now, the correspondence does not reveal exactly what amount was paid by National. Could you tell us what amount was paid by National? A. $75.00.

Q. And you accepted that amount? A. Yes, sir.

Q. And it is your position that that was substantially below the amount that the Industrial Accident Commission required? A. Less than 50 per cent.

Q. Now, Doctor, I don't think any of us here are very familiar with the operations of the State Industrial Accident Commission. Perhaps you could enlighten us. If you thought that the State Commission required that a certain amount be paid a doctor for a certain type of treatment, I suppose if you did not get that amount from one of the Commission's contractors you could have contacted

1566 the Industrial Accident Commission, could you not? A. No, sir.

Q. Why not? A. Because that contract with the National Hospital is that National Hospital assume full authority for payment of physicians and medical expenses on these cases.

Q. But inasmuch as there is a contract between National Hospital Association and the State Commission could not the Commission require the Association to pay the full amount? What is the contract for? A. I am no lawyer, sir, I am only a doctor.

Q. Well, what is your assumption then? A. My assumption is that I got gypped.

Q. I ask what your assumption has been with respect to the power of the State Industrial Accident Commission. A. I have no assumption as to their power of contract, sir.

Q. Well, Doctor, you have handled a good many of Accident Commission cases, have you not? A. Yes, sir.

Q. And I assume you have had considerable contact with the Commission in that connection? A. Yes, sir.

Q. And did I understand on direct examination that you had a position with the State Government? A. I am a member of the State Board of Health.

1567 Q. You are a member of the State Board of Health. And you never assumed, if you thought you were gypped by someone who had a contract with the Industrial Accident Commission, you could apply to the Commission to rectify that? A. No, sir.

Q. Now, Doctor, is it not true that there was an honest difference of opinion between you and the consulting doctor of the National Hospital Association as to the necessity of further medical treatment? A. There might have been, sir. The man, however, was totally and permanently disabled, and, as I stated on direct, I had to take care of him as a charity patient, because the National refused to pay, for a matter of about ten years.

Q. And you assume that if the patient would have had a right to have his medical bills paid by virtue of this contract between the Hospital Association and the Commission that for ten years he would have done nothing about it? A. I don't know, sir. I am no lawyer.

Q. So far as you know—you say you treated him for ten years? A. That is right, sir.

Q. As far as you know he never took it up with the Commission? A. He got his compensation monthly from the Commission. That is all I know about it.

Q. But this matter of medical fees never came up, is that right? A. It was not with the Commission.

1568 It was with the National Hospital Association.

Q. I am talking about your relations with the patient. A. Whether (patient) ever took it up with the Commission I have no knowledge.

Q. You don't know. Before I get to the next item you mentioned I want to take up this sheaf of correspondence which is dated, which has the Defendants' Exhibit No. 2574—the first item is a letter from National to you stating that "We have received your statement for care of"—a named patient—perhaps I better show this to you because I do want to talk to you without bringing the patient's name in, Doctor. You have seen the name of the patient? A. Yes, sir.